

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Schedule 13D

Under the Securities Exchange Act of 1934

Lyondell Chemical Company

(Name of Issuer)

Common Stock

(Title of Class of Securities)

not applicable

(CUSIP Number)

Donald P. de Brier, Esq.
Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024
(310) 208-8800

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

August 22, 2002

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box
[]

Page 1 of 13 Pages

CUSIP No. not applicable

(1)	Names of reporting persons. I.R.S. Identification Nos. of above persons (entities only).	Occidental Petroleum Corporation 95-4035997
(2)	Check the appropriate box if a member of a group (see instructions)	(a) (b)
(3)	SEC use only.	
(4)	Source of funds (see instructions).	00
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e).	
(6)	Citizenship or place of organization.	Delaware
Number of shares beneficially owned by each reporting person with:		
(7)	Sole voting power.	0
(8)	Shared voting power.	39,000,000 (including 34,000,000 shares of Series B Common Stock and 5,000,000 shares of Lyondell regular common stock issuable upon exercise of a warrant)
(9)	Sole dispositive power.	0
(10)	Shared dispositive power.	39,000,000 (including 34,000,000 shares of Series B Common Stock and 5,000,000 shares of Lyondell regular common stock issuable

(11) Aggregate amount beneficially owned by each reporting person	upon exercise of a warrant)
	39,000,000 (including 34,000,000 shares of Series B Common Stock and 5,000,000 shares of Lyondell regular common stock issuable upon exercise of a warrant)
(12) Check if the aggregate amount in Row (11) excludes certain shares (see instructions).	
(13) Percent of class represented by amount in Row (11).	23.7%
(14) Type of reporting person (see instructions).	C0

(1)	Names of reporting persons. I.R.S. Identification Nos. of above persons (entities only).	Occidental Petroleum Investment Co. 95-2584267
(2)	Check the appropriate box if a member of a group (see instructions)	(a) (b)
(3)	SEC use only.	
(4)	Source of funds (see instructions).	00
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e).	
(6)	Citizenship or place of organization.	California
Number of shares beneficially owned by each reporting person with:		
Number of shares beneficially owned by each reporting person with:		
(7)	Sole voting power.	0
(8)	Shared voting power.	39,000,000 (including 34,000,000 shares of Series B Common Stock and 5,000,000 shares of Lyondell regular common stock issuable upon exercise of a warrant)
(9)	Sole dispositive power.	0
(10)	Shared dispositive power.	39,000,000 (including 34,000,000 shares of Series B Common Stock and 5,000,000 shares of Lyondell regular common stock issuable upon exercise of a warrant)
(11)	Aggregate amount beneficially owned by each reporting person	39,000,000 (including 34,000,000 shares of Series B Common Stock and 5,000,000 shares of Lyondell regular common stock issuable upon exercise of a warrant)
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions).	
(13)	Percent of class represented by amount in Row (11).	23.7%
(14)	Type of reporting person (see instructions).	C0

(1)	Names of reporting persons. I.R.S. Identification Nos. of above persons (entities only).	Occidental Chemical Holding Corporation 95-2865897
(2)	Check the appropriate box if a member of a group (see instructions)	(a) (b)
(3)	SEC use only.	
(4)	Source of funds (see instructions).	00
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e).	
(6)	Citizenship or place of organization.	California
Number of shares beneficially owned by each reporting person with:		
Number of shares beneficially owned by each reporting person with:		
(7)	Sole voting power.	0
(8)	Shared voting power.	39,000,000 (including 34,000,000 shares of Series B Common Stock and 5,000,000 shares of Lyondell regular common stock issuable upon exercise of a warrant)
(9)	Sole dispositive power.	0
(10)	Shared dispositive power.	39,000,000 (including 34,000,000 shares of Series B Common Stock and 5,000,000 shares of Lyondell regular common stock issuable upon exercise of a warrant)
(11)	Aggregate amount beneficially owned by each reporting person	39,000,000 (including 34,000,000 shares of Series B Common Stock and 5,000,000 shares of Lyondell regular common stock issuable upon exercise of a warrant)
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions).	
(13)	Percent of class represented by amount in Row (11).	23.7%
(14)	Type of reporting person (see instructions).	C0

ITEM 1. SECURITY AND ISSUER.

Title of class of equity security: Series B Common Stock
Common Stock

Issuer: Lyondell Chemical Company

Address of principal executive offices: 1221 McKinney Street, Suite 700
Houston, Texas 77010

This Schedule relates to the Series B Common Stock of Lyondell and a warrant to acquire shares of the regular common stock of Lyondell. For reporting purposes, the Reporting Person has treated the Series B Common Stock of Lyondell as being part of the same class under Section 12 of the 1934 Act as the regular common stock of Lyondell.

ITEM 2. IDENTITY AND BACKGROUND.

Occidental Petroleum Corporation ("Occidental"):

state of organization: Delaware

principal business: engaged, through its subsidiaries and affiliates, in the production, development and marketing of natural resources and chemicals

principal business address: 10889 Wilshire Boulevard
Los Angeles, California 90024

Occidental Petroleum Investment Co. ("OPIC"):

state of organization: California

principal business: holding company

principal business address: 10889 Wilshire Boulevard
Los Angeles, California 90024

Occidental Chemical Holding Corporation ("OCHC"):

state of organization: California

principal business: holding company

principal business address: 10889 Wilshire Boulevard
Los Angeles, California 90024

The name, business address and current principal occupation or employment of each of the executive officers and directors of Occidental, OPIC and OCHC (collectively, the "Companies") are set forth below. Unless otherwise indicated, the business address of each such person is 10889 Wilshire Boulevard, Los Angeles, California 90024. All such persons listed below are citizens of the United States except Mr. Syriani, who is a citizen of Lebanon; Dr. Segovia, who is a citizen of Colombia; and Mr. Feick, who is a citizen of Canada. Unless otherwise indicated, each occupation set forth opposite an individual's name refers to employment with Occidental. Directors of Occidental are identified by an asterisk (*).

Name and Business Address -----	Present Principal Occupation or Employment -----
Ray R. Irani*	Chairman of the Board and Chief Executive Officer of Occidental
John W. Alden (1)	Assistant Treasurer and Assistant Secretary of Occidental; Vice President and Secretary of OPIC
Ronald W. Burkle* 9130 West Sunset Boulevard Los Angeles, California 90069	Managing Partner and majority owner of The Yucaipa Companies
John S. Chalsty* 11 Madison Avenue New York, New York 10010	Senior Advisor, Credit Suisse First Boston
Stephen I. Chazen	Chief Financial Officer and Executive Vice President - Corporate Development of Occidental
Donald P. de Brier	Executive Vice President, Secretary and General Counsel of Occidental
Edward P. Djerejian* Rice University, MS-40 6100 Main Street Houston, Texas 77005-1892	Director, James A. Baker III Institute for Public Policy
S. P. Dominick, Jr. (2)	Vice President and Controller of Occidental; Vice President and Controller of OPIC
John E. Feick* 230, 319-2nd Avenue, SW Calgary, Alberta, Canada T2P 0C5	President and Chief Executive Officer of Matrix Solutions, Inc.
Richard W. Hallock	Executive Vice President - Human Resources of Occidental

Name and Business Address -----	Present Principal Occupation or Employment -----
J. R. Havert (2)	Vice President and Treasurer of Occidental; Vice President and Treasurer of OPIC; Vice President and Treasurer of OCHC
R. P. Heinkel 5005 LBJ Freeway Dallas, Texas 75244	Vice President of OCHC
J. Roger Hirl 5005 LBJ Freeway Dallas, Texas 75244	Executive Vice President of Occidental
Kenneth J. Huffman	Vice President - Investor Relations of Occidental
Scott A. King (2) 5005 LBJ Freeway Dallas, Texas 75244	Vice President and General Counsel of OCHC
Dale R. Laurance*	President of Occidental
Anthony R. Leach	Vice President - Finance of Occidental; President of OPIC; Executive Vice President of OCHC
Jim A. Leonard (1)	Senior Assistant Controller of Occidental
Richard A. Lorraine 5005 LBJ Freeway Dallas, Texas 75244	Executive Vice President and Chief Financial Officer of OCHC
Irvin W. Maloney*	Retired Chairman and Chief Executive Officer, Dataproducts Corporation
Robert M. McGee	Vice President of Occidental
Lawrence P. Meriage	Vice President - Communications and Public Affairs of Occidental
Donald L. Moore 5 East Greenway Plaza Houston, Texas 77046-0504	Vice President and Chief Information Officer of Occidental
John W. Morgan	Executive Vice President - Operations of Occidental; Vice President of OPIC

Name and Business Address -----	Present Principal Occupation or Employment -----
R. Casey Olson 5 East Greenway Plaza Houston, Texas 77046-0504	Vice President of Occidental
Linda S. Peterson (1)	Assistant Secretary of Occidental; Assistant Secretary of OPIC; Vice President and Assistant Secretary of OCHC
Rodolfo Segovia* Carrera 9A No. 99-02 OF. 1001 Santafe de Bogota, D.C. Colombia	Member of Executive Committee of Inversiones Sanford
Richard A. Swan	Vice President - Health, Environment and Safety of Occidental
Aziz D. Syriani* 505 Park Avenue - 11th Floor New York, New York 10022	President and Chief Operating Officer of The Olayan Group
Rosemary Tomich*	Owner of the Hope Cattle Company and the A.S. Tomich Construction Company; Chairman of the Board of Directors and Chief Executive Officer, Livestock Clearing, Inc.
Aurmond A. Watkins, Jr.	Vice President - Tax of Occidental; Vice President of OCHC
Walter L. Weisman* P.O. Box 18017 Beverly Hills, California 90209	Past Chairman and Chief Executive Officer of American Medical International, Inc.

(1) Director of OPIC	
(2) Director of OCHC	

During the last five years, none of the Companies or the natural persons named above (a) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Occidental paid Lyondell \$440 million pursuant to a Securities Purchase Agreement, dated as of July 8, 2002, between Lyondell and OCHC (the "Securities Purchase Agreement").¹

ITEM 4. PURPOSE OF TRANSACTION.

Directly and through OPIC and OCHC, Occidental currently holds its Lyondell shares for investment purposes only with a view toward maximizing long-term shareholder value for Occidental's shareholders and not for the purpose of controlling Lyondell.

Other than as set forth above or in Item 6 of this Schedule 13D, Occidental currently has no plans that relate to, or would result in, any of the actions listed in clauses (a) through (j) of Item 4 of Schedule 13D. However, Occidental continuously reviews and analyzes its investments in each of its subsidiaries and other operations, including the Lyondell shares, in order to determine whether value for Occidental's shareholders is best served by holding those investments, increasing, disposing of, or monetizing those investments, or recapitalizing or otherwise restructuring those investments. With respect to the Lyondell shares, these reviews and analyses depend on a variety of factors, including without limitation, the price of, and other market conditions relating to, the Lyondell shares, the investment return on the Lyondell shares, Lyondell's business and prospects, other investment and business opportunities available to Occidental, general stock market and economic conditions, tax considerations, and other factors deemed relevant.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

(a)	Occidental: -----	aggregate number of shares held: percentage of class:	39,000,000* 23.7%
	OPIC: -----	aggregate number of shares held: percentage of class:	39,000,000* 23.7%
	OCHC: -----	aggregate number of shares held: percentage of class:	39,000,000* 23.7%

None of the directors or executive officers listed in Item 2 above is the beneficial owner of Lyondell common stock.

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¹ The \$440 million came from general corporate funds received when Occidental sold to Lyondell three of its affiliates, which own a 29.5% interest in Equistar Chemicals, LP.

* This number includes 34,000,000 shares of Series B Common Stock and 5,000,000 shares of regular common stock issuable upon exercise of the Warrant for the Purchase of Shares of Common Stock, issued August 22, 2002 (the "Warrant").

(b)	Occidental:	sole power to vote or direct the vote:	0
	-----	shared power to vote or direct the vote:	39,000,000*
		sole power to dispose or direct the disposition:	0
		shared power to dispose or direct the disposition:	39,000,000*
	OPIC:	sole power to vote or direct the vote:	0
	-----	shared power to vote or direct the vote:	39,000,000*
		sole power to dispose or direct the disposition:	0
		shared power to dispose or direct the disposition:	39,000,000*
	OCHC:	sole power to vote or direct the vote:	0
	-----	shared power to vote or direct the vote:	39,000,000*
		sole power to dispose or direct the disposition:	0
		shared power to dispose or direct the disposition:	39,000,000*

None of the directors or executive officers listed in Item 2 above is the beneficial owner of Lyondell common stock.

(c) On August 22, 2002, pursuant to the Securities Purchase Agreement, Occidental acquired 34,000,000 shares of Series B Common Stock of Lyondell for \$440,000,000.

(d) Not applicable.

(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Pursuant to the Securities Purchase Agreement, OCHC purchased from Lyondell a total of 34,000,000 shares of Lyondell's newly created Series B common stock. Pursuant to a Warrant, issued August 22, 2002 (the "Warrant"), OCHC also received warrants to purchase an additional 5 million shares (the "Warrant Shares") of Lyondell's regular common stock for \$25 per share. In exchange for the Lyondell securities, Occidental paid \$440,000,000 in cash.

As additional consideration for the transaction, Occidental will receive from Lyondell a contingent payment equal to 7.38% of cash distributions from Equistar for 2002 and 2003 up to a total of \$35 million, to be paid either in cash or in Lyondell common stock.

Pursuant to a Stockholders Agreement, dated as of August 22, 2002 (the "Stockholders Agreement"), Lyondell has appointed to its board of directors two of Occidental's executive officers, Dr. Ray R. Irani (who also is an Occidental director) and Mr. Stephen I. Chazen. Unless Occidental obtains Lyondell's consent, the Stockholders Agreement prevents Occidental (a) from selling its Series B common stock or the Warrant Shares and (b) from converting its

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 * This number includes 34,000,000 shares of Series B Common Stock and 5,000,000 shares of regular common stock issuable upon exercise of the Warrant.

Series B common stock into regular Lyondell common stock for at least two years. In addition, the Stockholders Agreement generally requires Occidental to vote its Lyondell common stock in favor of the slate of directors proposed by Lyondell's management. The Stockholders Agreement will be effective as long as Occidental owns 17 million or more shares of Lyondell common stock.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

- Exhibit 1 Agreement Pursuant to Rule 13d-1(k)
- Exhibit 2 Securities Purchase Agreement, dated as of July 8, 2002, by and between Lyondell Chemical Company and Occidental Chemical Holding Corporation
- Exhibit 3 Warrant for the Purchase of Shares of Common Stock, issued August 22, 2002
- Exhibit 4 Stockholders Agreement, dated as of August 22, 2002, by and among Lyondell Chemical Company and the Stockholders as defined therein

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

September 3, 2002

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ J. R. HAVERT

Name: J. R. Havert
Title: Vice President and Treasurer

OCCIDENTAL PETROLEUM INVESTMENT CO.

By: /s/ J. R. HAVERT

Name: J. R. Havert
Title: Vice President and Treasurer

OCCIDENTAL CHEMICAL HOLDING CORPORATION

By: /s/ J. R. HAVERT

Name: J. R. Havert
Title: Vice President and Treasurer

AGREEMENT

Pursuant to Rule 13d-1(k) promulgated under the Securities Exchange Act of 1934, as amended, the undersigned agree that the Schedule 13D to which this Agreement is attached as Exhibit 1 is filed on behalf of each of us. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Dated: September 3, 2002 OCCIDENTAL PETROLEUM CORPORATION

By: /s/ J. R. HAVERT

Name: J. R. Havert
Title: Vice President and Treasurer

OCCIDENTAL PETROLEUM INVESTMENT CO.

By: /s/ J. R. HAVERT

Name: J. R. Havert
Title: Vice President and Treasurer

OCCIDENTAL CHEMICAL HOLDING CORPORATION

By: /s/ J. R. HAVERT

Name: J. R. Havert
Title: Vice President and Treasurer

SECURITIES PURCHASE AGREEMENT

BETWEEN

LYONDELL CHEMICAL COMPANY

AND

OCCIDENTAL CHEMICAL HOLDING CORPORATION

JULY 8, 2002

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APPENDIX

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Appendix A Definitions

SCHEDULES

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EXHIBITS

Exhibit A Form of Warrant
Exhibit B Form of Stockholders Agreement
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Exhibit D Form of Amendment to Restated Certificate of Incorporation

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated as of July 8, 2002, is entered into by and between Lyondell Chemical Company, a Delaware corporation (the "Company"), and Occidental Chemical Holding Corporation, a California corporation (the "Purchaser").

Definitions of capitalized terms used in this Agreement are set forth in Appendix A.

RECITALS

WHEREAS, the Purchaser desires to purchase from the Company, and the Company desires to issue and deliver to the Purchaser, upon the terms and conditions set forth herein, the Company Securities;

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the Parties set forth herein, it is hereby agreed as follows:

SECTION 1
SALE OF SECURITIES; PURCHASE PRICE

1.1 Sale of Securities on Closing Date.

(a) At Closing, the Company shall issue and sell, assign, transfer and deliver to the Purchaser, and the Purchaser shall purchase from the Company, (i) such number of shares of Series B Common Stock as shall be determined in accordance with Section 1.1(b) and (ii) 5,000,000 Warrants substantially in the form of Warrant set forth in Exhibit A. Each such Warrant shall entitle the holder to purchase one share of Original Common Stock (subject to the Company's Net Payment Right set forth therein) at an exercise price of \$25.00 per share.

(b) The number of shares of Series B Common Stock shall be determined as follows (rounded to the nearest whole share); if the 20-Day Average Price of Original Common Stock at the time of Closing:

(i) is greater than or equal to \$17.10, the number of shares shall be 30 million.

(ii) is less than \$17.10 and greater than \$15.10, the number of shares shall be

$$32 \text{ million} - (2 \text{ million} \times (20\text{-Day Average Price} - \$15.10) / (\$17.10 - \$15.10));$$

(iii) is less than or equal to \$15.10 and greater than or equal to \$14.10, the number of shares shall be 32 million;

(iv) is less than \$14.10 and greater than \$13.10, the number of shares shall be

34 million - (2 million x (20-Day Average Price - \$13.10)
-----);or
(\$14.10 - \$13.10)

(v) is less than or equal to \$13.10, the number of shares shall be 34 million.

1.2 Purchase Price. In consideration for the Company Securities to be issued and sold on the Closing Date pursuant to Section 1.1 and the right to receive a Contingent Payment Amount as described in Section 1.3, the Purchaser shall pay to the Company on the Closing Date \$440,000,000.

1.3 Contingent Payment Amount. The Company shall pay to the Purchaser a contingent payment amount (a "Contingent Payment Amount") with respect to each distribution, excluding distributions of the proceeds from asset sales and sales of equity in the Partnership, by the Partnership to its partners that (i) relates to the period from January 1, 2002 to December 31, 2003 and (ii) is made by the Partnership after the Closing Date but prior to May 1, 2004 (a "Partnership Distribution") in an amount of cash equal to the amount of each such Partnership Distribution paid with respect to 7,375 Units; provided, however, that the Company may, at its sole discretion, instead pay all or any part of such amount by the issuance, assignment, transfer and delivery of such number of shares of its Original Common Stock or Series B Common Stock, at its option, as is equal in value to the portion of the Contingent Payment Amount to be so satisfied with Contingent Shares. Each such share so issued, assigned, transferred and delivered shall be valued for this purpose at the average of the Daily Prices (calculated to the nearest thousandth) for the 20 Business Day period beginning 10 Business Days before the date on which the related Partnership Distribution is made and ending 9 Business Days thereafter. Each Contingent Payment Amount shall be paid 15 Business Days after the Company receives the related Partnership Distribution. Notwithstanding anything above to the contrary, the aggregate value of all Contingent Payment Amounts shall not exceed \$35 million; for this purpose, payments made in stock shall be valued as set forth above.

SECTION 2
CLOSING DATE, PAYMENT AND DELIVERY

2.1 Closing Date. The Closing shall take place at the offices of Baker Botts L.L.P., Houston, Texas 77002, at 10:00 a.m. on (i) August 30, 2002, or (ii) if all conditions set forth in Sections 6.1, 6.2 and 6.3, other than conditions to be satisfied at Closing, have not been satisfied or waived by that date, on the third Business Day after the first day that all of such conditions have been satisfied or waived or (iii) on such other date as may be agreed to in writing by the Parties (the "Closing Date").

2.2 Payment and Delivery. At the Closing, the Purchaser shall transmit the aggregate purchase price set forth in Section 1.2, and the Company shall issue and deliver to the Purchaser certificates representing the Company Securities to be issued on the Closing Date.

2.3 Agreements to be Entered Into at Closing. At Closing, (a) the Company, Occidental and the Purchaser shall enter into a stockholders agreement in substantially the form set forth in Exhibit B (as executed and delivered pursuant hereto, the "Stockholder Agreement") and (b) the Company and the Purchaser shall enter into a registration rights agreement in substantially the form set forth in Exhibit C (as executed and delivered pursuant hereto, the "Registration Rights Agreement").

2.4 Payments of Cash and Delivery of Certificates. Any funds required to be paid hereunder shall be made by wire transfer of immediately available funds to an account designated by the intended recipient of such funds in writing. Any stock certificate required to be delivered hereunder shall be duly registered in the name of the Purchaser and shall bear the appropriate legends as set forth in Section 4.5 of the Stockholder Agreement.

SECTION 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth on Schedule 3, the Company represents and warrants to the Purchaser that:

3.1 Organization, Good Standing and Power. The Company (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware and has the corporate power and authority to own, lease and operate its assets and to conduct its business as such is now being conducted, (ii) is duly authorized, qualified or licensed to do business as a foreign corporation in, and is in good standing in, each of the jurisdictions in which its right, title or interest in or to any of the assets held by it or the business conducted by it, requires such authorization, qualification or licensing, except where the failure to be so authorized, qualified, licensed or in good standing would not be reasonably likely to have a Company Material Adverse Effect and (iii) has, and in the case of the Related Securities Agreements to be executed by it at the Closing, will have, all requisite corporate power and authority to enter into this Agreement and, as applicable, the Related Securities Agreements to which it is or will be a party and to perform its obligations hereunder and thereunder.

3.2 Authorization and Validity of Agreements. Assuming the approval of the Company's stockholders referred to in Section 6.2(f):

(a) The execution, delivery and performance by the Company of this Agreement and the consummation by it of the transactions contemplated hereby have been duly authorized and approved by all necessary corporate action on its part. This Agreement has been duly and validly executed and delivered by the Company and is its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws related to or affecting creditors' rights generally and by general equity principles.

(b) The execution, delivery and performance by the Company of the Related Securities Agreements to which it will be a party and the consummation by it of the transactions contemplated thereby will be, as of the Closing, duly authorized and

approved by all necessary corporate action on its part. At the Closing, each of the Related Securities Agreements to which the Company will be a party will be duly and validly executed and delivered by it and will be upon execution and delivery its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws related to or affecting creditors' rights generally and by general equity principles.

3.3 Lack of Conflicts. The execution, delivery and, assuming (i) the effectiveness of the Amendment, (ii) satisfaction of the condition in Section 6.2(f) and (iii) receipt of the approval contemplated by Section 5.6 and of the Consents contemplated by Schedule 6.2(d), performance by the Company of this Agreement and the Related Securities Agreements to which it is or will be a party and the consummation by it of the transactions contemplated hereby and thereby does not and, as of the Closing, will not (w) violate (with or without the giving of notice or the lapse of time or both) any Legal Requirement applicable to it or any of its Subsidiaries, other than those that would not be reasonably likely to have a Company Material Adverse Effect, (x) conflict with, or result in the breach of, any provision of the charter or by-laws or similar governing or organizational documents of it or any of its Subsidiaries, (y) result in the creation of any Encumbrance upon any of its assets, other than those arising under this Agreement or any of the Related Securities Agreements, or those that would not be reasonably likely to have a Company Material Adverse Effect or (z) violate, conflict with or result in the breach or termination of or otherwise give any other Person the right to terminate, or constitute a default, event of default or an event which with notice, lapse of time or both, would constitute a default or event of default under the terms of, any contract, indenture, lease, mortgage, Government License or other agreement or instrument to which it or any of its Subsidiaries is a party or by which the properties or businesses of it or any of its Subsidiaries are bound, except for violations, conflicts, breaches, terminations and defaults that would not be reasonably likely to have a Company Material Adverse Effect.

3.4 Certain Fees. Neither the Company nor any of its Affiliates nor any of its officers, directors or employees, on behalf of it or such Affiliates, has employed any broker or finder or incurred any other liability for any financial advisory fees, brokerage fees, commissions or finders' fees in connection with the transactions contemplated hereby.

3.5 SEC Reports; Financial Statements.

(a) The Company has filed all forms, reports and documents required to be filed by it with the SEC since December 31, 2001 (the "Company SEC Reports"). The Company SEC Reports were prepared in all material respects in accordance with the requirements of the Securities Act, or the Exchange Act, as the case may be, and the rules and regulations thereunder, and none of the Company SEC Reports, as of the date it was filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The financial statements (including any notes thereto) contained in the Company SEC Reports were prepared in accordance with GAAP throughout the periods indicated (except as may be indicated in the notes thereto and except that financial statements included with quarterly reports on Form 10-Q do not contain all GAAP notes to such financial statements) and each fairly presents in all material respects the consolidated (or combined, as applicable) financial position, results of operations and changes in stockholders' equity and cash flows of the Company and its consolidated subsidiaries as at the respective dates thereof and for the respective periods indicated therein (subject, in the case of unaudited statements, to normal and recurring year-end adjustments).

3.6 Absence of Certain Changes. Except as described in the Company SEC Reports filed prior to the date of this Agreement, since December 31, 2001, (i) the Company and its Affiliates (including, for this purpose, the Partnership) have not incurred any material liabilities or obligations, fixed, contingent, accrued or otherwise, that have had or are reasonably likely to have a Company Material Adverse Effect and (ii) no event, occurrence or other matter has occurred that has or is reasonably likely to have a Company Material Adverse Effect.

3.7 Capitalization.

(a) As of the date of this Agreement, the authorized capital stock of the Company consists of 250,000,000 shares of Original Common Stock, of which 125,844,920 were issued and outstanding as of July 1, 2002, and 80,000,000 shares of preferred stock, \$.01 par value per share, no shares of which are issued and outstanding as of the date hereof. As of July 2, the Company had 9,631,767 shares reserved for issuance upon exercise of outstanding options to purchase shares of Original Common Stock and 2,447,922 performance shares have been granted and were outstanding under its benefit plans. Except as described in this Agreement, as of the date of this Agreement, there are no other options, warrants, conversion privileges or other contractual rights presently outstanding to purchase or otherwise acquire any authorized but unissued shares of the Company's capital stock. The Company has no outstanding agreements granting registration rights to any Person.

(b) The Board of Directors at a meeting duly called and held on May 2, 2002, has adopted resolutions that take all necessary action to provide that, under the Company Rights Agreement, (i) Occidental shall not be an "Acquiring Person" so long as Occidental's "Beneficial Ownership" of the Company's "common stock" does not exceed the Occidental Rights Trigger Amount, (ii) no "Stock Acquisition Date" shall occur as a result of the execution, delivery and performance of this Agreement, the Warrant or the Stockholder Agreement in accordance with their terms and (iii) no "Distribution Date" shall occur as a result of the announcement of or the execution of this Agreement, the Warrant or the Stockholder Agreement. As used in this Section 3.7(b), the terms "Acquiring Person," "Beneficial Ownership," "Distribution Date" and "Stock Acquisition Date" shall have the meaning ascribed to such terms in the Company Rights Agreement and the Company's "common stock" shall include shares of Original Common Stock and Series B Common Stock.

3.8 Issuance of the Company Securities. Subject to (i) obtaining the approval of its stockholders as contemplated by Section 6.2(f) and (ii) the effectiveness of the Amendment, all corporate action on the part of the Company, its directors and stockholders necessary for the issuance and delivery of the Subject Securities has been taken. Upon the issuance and delivery of the Initial Shares as contemplated by this Agreement, the Initial Shares will be validly issued, fully paid and nonassessable. Upon the issuance and delivery of any Warrant Shares or any Net Payment Shares issued upon exercise of a Warrant in accordance with the terms of the Warrant, such Warrant Shares or Net Payment Shares, as the case may be, will be validly issued, fully paid and nonassessable. Upon the issuance and delivery of the PIK Shares in accordance with the terms of the Series B Common Stock, the PIK Shares will be validly issued, fully paid and nonassessable. Upon the issuance and delivery of Conversion Shares pursuant to the conversion of shares of Series B Common Stock in accordance with the terms of the Series B Common Stock, such Conversion Shares will be validly issued, fully paid and nonassessable. Upon the issuance and delivery of Contingent Shares, such Contingent Shares shall be validly issued, fully paid and nonassessable. Neither the issuance and sale or the issuance and delivery, as applicable, of any of the Subject Securities will give rise to any preemptive rights or rights of first refusal on behalf of any Person. Subject to effectiveness of the Amendment, (i) 42,000,000 shares of Series B Common Stock have been reserved for issuance as Initial Shares, PIK Shares, Contingent Shares or Net Payment Shares and (ii) 42,000,000 shares of Original Common Stock have been reserved for issuance as Warrant Shares, Conversion Shares, Contingent Shares or Net Payment Shares.

3.9 Undisclosed Liabilities. To the Knowledge of the Company, neither the Company nor any of its Subsidiaries has any liabilities or obligations of any nature, whether or not fixed, accrued, contingent or otherwise, except liabilities and obligations that (i) are disclosed in the Company SEC Reports or (ii) do not or are not reasonably likely to have, individually or in the aggregate, a Company Material Adverse Effect.

3.10 No Defaults. Neither the Company nor any of its Subsidiaries is, or with the giving of notice or lapse of time or both would be, in violation of or in default under its charter or by-laws or similar governing or organizational documents or any contract, indenture, lease, mortgage, Government License or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which it or any of them or any of their respective properties is bound, except for violations and defaults that, individually or in the aggregate, would not be reasonably likely to have a Company Material Adverse Effect.

3.11 Use of Proceeds. The Company will use the proceeds received hereunder to satisfy its obligations under the Partner Sub Purchase Agreement.

3.12 Exemption from Section 203. The Board of Directors, at a meeting duly called and held on May 2, 2002, has adopted resolutions that are still in full force and effect as of the date hereof, exempting this Agreement and the transactions contemplated hereby, from the restrictions on "business combinations" of Section 203 of the Delaware General Corporation Law.

3.13 Financial Condition. (i) The Company is not in default under Sections 5.11, 5.12, 5.13 and 6.1(g) of its Credit Agreement dated as of July 23, 1998, (ii) the Company has not defaulted on any obligation to pay principal or interest under its Debt Documents and (iii) the Company is not insolvent nor the subject of a Bankruptcy Proceeding.

SECTION 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Except as set forth on Schedule 4, the Purchaser represents and warrants to the Company that:

4.1 Organization, Good Standing and Power. The Purchaser (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own, lease and operate its assets and to conduct its business as such is now being conducted, (ii) is duly authorized, qualified or licensed to do business as a foreign corporation in, and is in good standing in, each of the jurisdictions in which its right, title or interest in or to any of the assets held by it or the business conducted by it, requires such authorization, qualification or licensing, except where the failure to be so authorized, qualified, licensed or in good standing would not be reasonably likely to have an Occidental Material Adverse Effect and (iii) has, and in the case of the Related Securities Agreements to be executed by it at the Closing, will have, all requisite corporate power and authority to enter into this Agreement and, as applicable, the Related Securities Agreements to which it is or will be a party and to perform its obligations hereunder and thereunder.

4.2 Authorization and Validity of Agreements.

(a) The execution, delivery and performance by the Purchaser of this Agreement and the consummation by each Occidental Party of the transactions contemplated hereby have been duly authorized and approved by all necessary corporate or similar action on their part. This Agreement has been duly and validly executed and delivered by the Purchaser and is its legal, valid and binding obligation, enforceable against the Purchaser in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws related to or affecting creditors' rights generally and by general equity principles.

(b) The execution, delivery and performance by each Occidental Party of the Related Securities Agreements to which it will be a party and the consummation by it of the transactions contemplated thereby will be, as of the Closing, duly authorized and approved by all necessary corporate action on its part. At the Closing, each of the Related Securities Agreements to which an Occidental Party will be a party will be duly and validly executed and delivered by each Occidental Party and will be upon execution and delivery its legal, valid and binding obligation, enforceable against each Occidental Party in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws related to or affecting creditors' rights generally and by general equity principles.

4.3 Lack of Conflicts. The execution, delivery and, assuming receipt of the Consents contemplated by Schedule 6.3(d), performance by the Purchaser of this Agreement and by each Occidental Party of the Related Securities Agreements to which it is or will be a party and the consummation by each such Occidental Party of the transactions contemplated hereby and thereby does not (i) violate (with or without the giving of notice or the lapse of time or both) any Legal Requirement applicable to it or any of its Subsidiaries, other than those that would not be reasonably likely to have an Occidental Material Adverse Effect, (ii) conflict with, or result in the breach of, any provision of the charter or by-laws or similar governing or organizational documents of such Occidental Party or any of its Subsidiaries, (iii) result in the creation of any Encumbrance upon any of its assets, other than those arising under this Agreement or any of the Related Securities Agreements, or those that would not be reasonably likely to have an Occidental Material Adverse Effect or (iv) violate, conflict with or result in the breach or termination of or otherwise give any other Person the right to terminate, or constitute a default, event of default or an event which with notice, lapse of time or both, would constitute a default or event of default under the terms of, any contract, indenture, lease, mortgage, Government License or other agreement or instrument to which it or any of its Subsidiaries is a party or by which the properties or businesses of it or any of its Subsidiaries are bound, except for violations, conflicts, breaches, terminations and defaults that would not be reasonably likely to have an Occidental Material Adverse Effect.

4.4 Certain Fees. No Occidental Party nor any Affiliates of any Occidental Party nor any of its officers, directors or employees, on behalf of any Occidental Party or such Affiliates, has employed any broker or finder or incurred any other liability for any financial advisory fees, brokerage fees, commissions or finders' fees in connection with the transactions contemplated hereby.

4.5 Information Supplied for Proxy Statement. None of the information supplied or to be supplied by Occidental or its Affiliates in writing specifically for inclusion in the Proxy Statement to be filed with the SEC by the Company in connection with the Company stockholder meeting to be held in connection with this Agreement will, at the date mailed to the Company's stockholders, or (except to the extent amended or supplemented as described in the next sentence) at the time of such meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. If at any time prior to the time of such meeting, any event with respect to Occidental, or with respect to other information supplied by Occidental in writing specifically for inclusion in the Proxy Statement, shall occur which is required to be described in an amendment of, or a supplement to, the Proxy Statement, Occidental will promptly notify the Company of such event.

4.6 Investment. The Purchaser acknowledges and agrees that the Subject Securities will be subject to the Stockholder Agreement and, among other things, will bear the legends specified therein. The Purchaser is acquiring the Subject Securities for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof in violation of applicable law, and has not offered or sold any portion of the Subject Securities to be acquired by it. The Purchaser acknowledges and understands that investment in the Subject Securities is subject to a high degree of risk and that it must bear the economic risk of its investment for an indefinite period of time because the Subject Securities must be held

indefinitely (i) until subsequently registered under the Securities Act and applicable state and other securities laws or (ii) unless an exemption from registration is available which depends upon, among other things, the bona fide nature of the Purchaser's investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchaser understands that any transfer agent of the Company will be issued stop transfer instructions with respect to the Subject Securities unless such transfer is subsequently registered under the Securities Act and applicable state and other securities laws or unless an exemption from such registration is available. The Purchaser was not organized for the purpose of acquiring the Subject Securities.

4.7 Investigation; No General Solicitation. The Purchaser has received a copy of the Company SEC Reports. The Purchaser has had a reasonable opportunity to ask questions relating to and otherwise discuss the terms and conditions of the offering and the other information set forth in the Company SEC Reports and this Agreement and the Company's business, management and financial affairs with the Company's management and other parties, and the Purchaser has received satisfactory responses to its inquiries. To the extent necessary, the Purchaser has retained, at the expense of the Purchaser, and relied upon appropriate professional advice regarding the investment, tax and legal merits and consequences of this Agreement and its purchase of the Subject Securities hereunder. The Purchaser has relied only on its own independent investigation and on the Company's representations and warranties in this Agreement and the Related Securities Agreements before deciding to acquire the Subject Securities.

4.8 Sophistication and Financial Condition of Stockholder. The Purchaser is an experienced and sophisticated investor and has such knowledge and experience in financial and business matters or its professional advisors have such knowledge and experience in financial and business matters as are necessary to evaluate the merits and risks of an investment in the Subject Securities and to evaluate the merits and risks of its investment and protect its own interest in connection with the acquisition of a Subject Security. The Purchaser is able to bear the economic risk of this investment regarding the Company, is able to hold the Subject Securities indefinitely and has a sufficient net worth to sustain a loss of its entire investment in the Company in the event such loss should occur.

4.9 Status of the Company Securities. The Purchaser has been informed by the Company that the Subject Securities have not been and will not be registered under the Securities Act or under any state securities laws, including Section 25102(f) of the California Corporations Code, except as specifically provided in the Registration Rights Agreement, and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering. The Purchaser acknowledges that any certificate representing Subject Securities will bear the legend or legends specified by Section 4.5 of the Stockholder Agreement.

4.10 No Ownership of the Company Securities. Neither Occidental nor any of its Affiliates beneficially owns any shares of capital stock of the Company nor any securities convertible into or otherwise exercisable to acquire capital stock of the Company, except insofar as this Agreement shall be deemed to confer any such ownership.

4.11 Governmental Consents. Except as may be required under the HSR Act and such filings as may be required to be made with the SEC, or under state securities or blue sky laws, no consent, approval or authorization of or designation, declaration or filing with any governmental authority on the part of the Purchaser is required in connection with the valid execution and delivery of this Agreement, the acquisition of the Restricted Securities, or the consummation of any other transaction contemplated hereby.

SECTION 5
ADDITIONAL AGREEMENTS

5.1 Conduct of the Company Business Pending the Closing Date. The Company agrees that, except as required or specifically contemplated by this Agreement or otherwise consented to or approved in writing by the Purchaser, during the period commencing on the date hereof and ending on the Closing Date, it shall and shall cause its Affiliates to:

(a) use commercially reasonable efforts to conduct its or their operations in all material respects only in the usual, regular and ordinary manner consistent with past practice, except for such matters, that individually and in the aggregate, do not, and are not reasonably likely to, have a Company Material Adverse Effect;

(b) not (i) issue any shares of capital stock of the Company, except (A) pursuant to the exercise of options, warrants, conversion rights and other contractual rights existing on the date of this Agreement, (B) pursuant to the exercise of awards granted after the date of this Agreement pursuant to Section 5.1(b)(ii) or (C) pursuant to any acquisition that is permitted under Section 5.1(d) below or (ii) grant, confer or award any option, warrant, conversion right or other right to acquire any shares of capital stock of the Company, except for grants and awards to directors, officers and employees of the Company;

(c) not sell, lease or otherwise dispose of any of its or their assets (including capital stock of Subsidiaries), with a value, individually or in the aggregate, in excess of \$500 million, except for (i) sales of surplus or obsolete equipment, (ii) sales of other assets in the ordinary course of business, (iii) sales, leases or other transfers between the Company and its Subsidiaries or between those Subsidiaries or (iv) the sale or other disposition of accounts receivable pursuant to one or more accounts receivable securitization facilities or other arrangements to a similar effect;

(d) not acquire or agree to acquire by merging or consolidating with or, by purchasing an equity interest in or a substantial portion of the assets of, or by any other manner, any business or any Person, with a value, individually or in the aggregate, in excess of \$500 million;

(e) with respect to the Company, except for the payment of regular quarterly dividends on the Original Common Stock not to exceed \$.225 per share with customary record and payment dates, not declare, set aside or pay any dividend or make any other distribution or payment with respect to any shares of its capital stock;

(f) with respect to the Company, not split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock;

(g) after obtaining Knowledge thereof, give notice to the Purchaser of any claim or litigation (threatened or instituted) or any other event or occurrence which could reasonably be expected to have a Company Material Adverse Effect;

(h) not take any action that is reasonably likely to result in its representations and warranties in Section 3 hereof, or in any of the Related Securities Agreements, not being true in all material respects as of the Closing Date; and

(i) not agree, whether in writing or otherwise, to take any action it has agreed pursuant to this Section 5.1 not to take.

5.2 Further Actions.

(a) Each Party shall use its commercially reasonable efforts to take, or cause to be taken, all other action and do, or cause to be done, all other things necessary, proper or appropriate to resolve the objections, if any, as may be asserted by any Authority with respect to the transactions contemplated hereby under any antitrust laws or regulations.

(b) Each Party shall act in good faith and use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement and under the Related Securities Agreements to be entered into by such Party at Closing, and to confirm that such transactions have been accomplished, including using all commercially reasonable efforts to obtain and effect prior to the Closing Date all Consents and Filings necessary to consummate the transactions contemplated hereby and by the Related Securities Agreements. Each Party shall furnish to the other Parties and their Affiliates such necessary information and assistance as the other may reasonably request in connection with its preparation of any such Filings or other materials required in connection with the foregoing.

(c) Each Party shall keep the other Parties fully informed from time to time as any such other Party shall reasonably request as to the status of all Consents being sought by such Party pursuant to Section 5.2(b).

(d) Each Party shall furnish to the other Parties such information, cooperation and assistance as reasonably may be requested in connection with the foregoing.

(e) Each Party shall negotiate and otherwise act in good faith to complete, execute and deliver the Related Securities Agreements at the Closing and to effect the Closing at the earliest practicable date.

(f) None of the provisions of this Section 5.2 shall under any circumstances require the Parties or their respective Affiliates to (i) pay any consideration other than legal fees and other customary expenses, (ii) surrender, modify or amend in any respect any contract, lease, mortgage or other agreement or instrument (including this Agreement), (iii) hold separately (in trust or otherwise), divest itself of, or otherwise rearrange the composition of, any of its assets, (iv) agree to any limitations on its freedom of action with respect to future acquisitions of assets or securities or with respect to any existing or future business or activities or on the enjoyment of the full rights of ownership, possession and use of any asset or security it now owns or hereafter acquires or (v) agree to any of the foregoing or any other conditions or requirements of any Governmental Authority or other Person, in each case to the extent that doing so would be adverse or burdensome to such Person in any material respect.

5.3 Notifications. Each Party shall notify the other Parties and keep each of them advised as to (i) any litigation or administrative proceeding that is either pending or, to its Knowledge, threatened against such Party which challenges the transactions contemplated hereby; and (ii) any fact or circumstance of which such Party has Knowledge that indicates that any condition to Closing is reasonably likely not to be satisfied in a timely fashion.

5.4 The Company Proxy Statement; Stockholders' Meeting; Effectiveness of Amendment. The Company prepared and filed with the SEC the Proxy Statement in preliminary form on June 11, 2002. The Company shall prepare, file with the SEC and mail to its stockholders the definitive Proxy Statement as promptly as practicable. The Company shall (a) cause to be considered at a special meeting of stockholders that shall be held as promptly as practicable after the date hereof and shall be called for the purpose of voting upon an amendment of its Restated Certificate of Incorporation, as heretofore amended, in substantially the form set forth in Exhibit D (as effected, the "Amendment"), and the issuance of the Company Securities as contemplated hereby, (b) subject to the fiduciary obligations of the Board of Directors under applicable law, through its Board of Directors, recommend to its stockholders approval of such matters and not rescind such recommendation, (c) use commercially reasonable efforts to cause the Proxy Statement to be mailed to its stockholders at the earliest practicable date, (d) use commercially reasonable efforts to obtain approval of such matters by its stockholders and (e) upon that approval, take all steps necessary to ensure the effectiveness of the Amendment and return a certified copy thereof from the office of the Secretary of State of Delaware as soon thereafter as practicable.

5.5 No Inconsistent Action. Neither Party shall take any material action inconsistent with its obligations under this Agreement or which could materially hinder or delay the consummation of the Closing; provided, however, that any action that may be taken in accordance with Section 5.1 shall not be deemed to violate this Section 5.5.

5.6 Listing of Shares of Original Common Stock. The Company shall promptly prepare and submit to the New York Stock Exchange, Inc. a listing application covering the shares of Original Common Stock issuable in connection with the transactions contemplated hereby and shall use reasonable best efforts to obtain, prior to Closing, approval for the listing of such shares, subject to official notice of issuance.

5.7 Reservation of Shares. After the Closing, the Company shall, from time to time, reserve such additional shares of Series B Common Stock, Original Common Stock or both, as it deems reasonably necessary to accommodate the issuance of Subject Securities as contemplated by this Agreement or the Related Securities Agreements.

5.8 Alternate Cash Consideration.

(a) In the event the Purchaser or its Affiliates become obligated to pay the Alternate Cash Consideration pursuant to Section 6.9(e) of the Partner Sub Purchase Agreement (and the Alternate Cash Consideration is to be based on the value of 5.4 million shares of Original Common Stock), then the Purchaser may, provided that it notifies the Company of its election to do so promptly after such payment obligation arises, pay to the Company

(i) if the Purchaser or its Affiliates beneficially own, directly or indirectly, 5.4 million or more shares of Common Stock on the date such payment obligation arises, an amount equal to the Sale Proceeds of the first 5.4 million shares of Common Stock sold by the Purchaser or its Affiliates after such date; or

(ii) if the Purchaser or its Affiliates beneficially own, directly or indirectly, fewer than 5.4 million shares of Common Stock on such date, an amount equal to (x) the Sale Proceeds of all such shares so owned on such date, plus (y) the Sale Proceeds received by the Purchaser or its Affiliates from having sold that number of shares most recently sold by them that is equal to (a) 5.4 million shares, minus (b) the number of shares held by them on such date.

(b) In lieu of receiving the Sale Proceeds as described in Section 5.8(a), the Company may, by written notice delivered promptly after the obligation to pay the Alternate Cash Consideration arises, elect to receive from the Purchaser,

(i) if the Purchaser or its Affiliates beneficially own, directly or indirectly, 5.4 million or more shares of Common Stock on the date such cash-payment obligation arises, up to 5.4 million shares of Common Stock, it being understood that if the Company elects to receive less than 5.4 million shares of Common Stock, then the Purchaser shall deliver to the Company (x) such number of shares as the Company elects to receive, plus (y) an amount equal to the Sale Proceeds of the first shares sold by the Purchaser or its Affiliates after such date that is equal in number to (a) 5.4 million, minus (b) the number of shares received by the Company; or

(ii) if the Purchaser or its Affiliates beneficially own, directly or indirectly, fewer than 5.4 million shares of Common Stock on such date, up to all such shares owned on such date, it being understood that the Purchaser shall deliver to the Company (x) such number of shares as the Company elects to receive, plus (y) an amount equal to the Sale Proceeds of all such shares beneficially owned, directly or indirectly, by the Purchaser on such date after subtracting the number of shares received by the Company, plus (z) the Sale

Proceeds received by the Purchaser or its Affiliates from having sold that number of shares most recently sold by them that is equal to (a) 5.4 million shares, minus (b) the number of shares held by them on such date.

(c) The Purchaser shall make any cash payment described in Section 5.8(a) reasonably promptly after receipt of the Sale Proceeds, or, if the Company has elected to receive all or part of the Make Whole Payment in shares as described in Section 5.8(b), the Purchaser shall deliver those shares (and Sale Proceeds if applicable) reasonably promptly after the Company notifies the Purchaser of the Company's election to receive those shares (and Sale Proceeds if applicable).

(d) To the extent that this Section 5.8 contemplates that the Purchaser will satisfy its obligation to pay the Company the Make Whole Amount with Sale Proceeds of shares owned, directly or indirectly, on the date of such event, Purchaser or its Affiliates shall sell such shares as promptly as practicable. Any such sales of shares made after the date of such event shall be made in such manner as may be directed by the Company, and the Purchaser and its Affiliates shall cooperate with the Company regarding any such sales in an effort to maximize the Sale Proceeds. The Purchaser or its Affiliates shall provide such documentation as is reasonably required by the Company to support that they have complied with their obligations under this Section 5.8(d).

SECTION 6
CONDITIONS TO CLOSING

6.1 Conditions Precedent to Obligations of the Parties. The respective obligations of the Parties to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions:

(a) No Injunction, etc. No Legal Requirement of any Authority shall be in effect which materially restrains, enjoins or otherwise prohibits (i) the transactions contemplated hereby; or (ii) the ownership by the Purchaser (including enjoyment of any rights relating thereto) of the Company Securities at and after the Closing; and no Proceeding seeking any such Legal Requirement shall be pending; provided, that before any determination is made to the effect that this condition has not been satisfied, each Party shall use commercially reasonable efforts to have such Legal Requirement lifted, vacated or dismissed.

(b) HSR Act. The waiting period applicable to the Closing under the HSR Act shall have expired or been terminated without the imposition of any condition or restriction on such expiration or termination.

6.2 Conditions Precedent to Obligations of the Company. The obligations of the Company under this Agreement are subject to the satisfaction (or written waiver by the Company) on or prior to the Closing Date of each of the following conditions:

(a) Accuracy of Representations and Warranties. Notwithstanding any investigation, inspection or evaluation conducted or notice or Knowledge obtained by the Company, all representations and warranties of the Purchaser contained in this

Agreement and the Related Securities Agreements that contain qualifications and exceptions relating to materiality or to an Occidental Material Adverse Effect shall be true and correct on and as of the Closing Date, and all other representations and warranties of the Purchaser contained in such agreements shall be true and correct in all material respects as of the Closing Date, in each case with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

(b) Performance of Agreements. The Purchaser shall in all material respects have performed and complied with all obligations and agreements contained in this Agreement and each of its Affiliates shall have executed all agreements and documents (including the Related Securities Agreements) to be performed, complied with or executed by it or them on or prior to the Closing Date.

(c) No Material Adverse Change. After the date of this Agreement, no event, occurrence or other matter shall have occurred that is reasonably likely to have an Occidental Material Adverse Change.

(d) Third Party Consents. All Consents of any third party listed on Schedule 6.2(d) shall have been obtained.

(e) Officer's Certificate. The Company shall have received a certificate, dated the Closing Date, signed by the President or a Vice President of the Purchaser, to the effect that, to the knowledge of such officer, the conditions specified in the above paragraphs have been fulfilled.

(f) Stockholder Approval. The stockholders of the Company shall have duly approved the Amendment and the issuance of the Subject Securities.

(g) Partner Sub Purchase Agreement. The Company is in a position to use the proceeds of the sale of its securities hereunder as contemplated by Section 3.11 and all conditions to closing the Partner Sub Purchase Agreement shall have been satisfied or waived or shall be capable of satisfaction not later than two Business Days after the Closing Date.

6.3 Conditions Precedent to Obligations of the Purchaser. The obligations of the Purchaser under this Agreement are subject to the satisfaction (or written waiver by the Purchaser) on or prior to the Closing Date of each of the following conditions:

(a) Accuracy of Representations and Warranties. Notwithstanding any investigation, inspection or evaluation conducted or notice or Knowledge obtained by the Purchaser, all representations and warranties of the Company contained in this Agreement and the Related Securities Agreements that contain qualifications and exceptions relating to materiality or a Company Material Adverse Effect shall be true and correct on and as of the Closing Date, and all other representations and warranties of the Company contained in such agreements shall be true and correct in all material respects as of the Closing Date, in each case with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

(b) Performance of Agreements. The Company shall in all material respects have performed and complied with all obligations and agreements contained in this Agreement, and executed all agreements and documents (including the Related Securities Agreements) to be performed, complied with or executed by it on or prior to the Closing Date.

(c) No Material Adverse Change. After the date of this Agreement, no event, occurrence or other matter shall have occurred that is reasonably likely to have a Company Material Adverse Change.

(d) Third Party Consents. All Consents of any third party listed on Schedule 6.3(d) shall have been obtained.

(e) Amended Certificate of Incorporation. The Amendment shall have been filed with the Secretary of State of the State of Delaware.

(f) Officer's Certificate. The Purchaser shall have received a certificate, dated the Closing Date, signed by the President or a Vice President of the Company, to the effect that, to the knowledge of such officer, the conditions specified in the above paragraphs have been fulfilled.

SECTION 7
TERMINATION AND WAIVER

7.1 General. This Agreement may be terminated and the transactions contemplated herein and in the Related Securities Agreements may be abandoned at any time prior to the Closing:

(a) by the written consent of the Parties;

(b) by the Company if there has been a material misrepresentation or a breach of an agreement by the Purchaser in this Agreement that (i) if such misrepresentation or breach existed on the Closing Date, would constitute a failure to satisfy any condition to Closing set forth in Section 6.2(a) or 6.2(b) and (ii) has not been cured and cannot reasonably be cured by the earlier of (x) 30 days after all other conditions to Closing have been satisfied and (y) the Termination Date;

(c) by the Purchaser if there has been a material misrepresentation or a breach of an agreement by the Company in this Agreement that (i) if such misrepresentation or breach existed on the Closing Date, would constitute a failure to satisfy any condition to Closing set forth in Section 6.3(a) or 6.3(b) and (ii) has not been cured and cannot reasonably be cured by the earlier of (x) 30 days after all other conditions to Closing have been satisfied and (y) the Termination Date;

(d) by the Company or the Purchaser in the event that the Closing does not occur for any reason on or before 90 days after the date hereof, as such 90-day period may be extended for up to an additional 120 days upon request of any Party (the "Termination Date"). The right to terminate this Agreement pursuant to this Section 7.1(d) shall not be available to any Party whose breach of this Agreement has been the cause of, or resulted in, the failure of the Closing to occur by the Termination Date unless the failure to Close by such date is due to a breach by both of the Parties (in which case the Company or the Purchaser may terminate this Agreement as provided in Sections 7.1(b) or 7.1(c) respectively); or

(e) by any Party if it becomes impossible to satisfy any condition to that Party's performance set forth in Sections 6.2 or 6.3.

Any right of termination set forth above shall be exercised by written notice from the terminating Party to the other Party.

7.2 Effect of Termination. In the event of any termination of this Agreement as provided above, this Agreement shall forthwith become wholly void and of no further force and effect and there shall be no liability on the part of any Party, its Subsidiaries or their respective officers or directors; provided, however, that upon any such termination the obligations of the Parties with respect to this Section 7 and Sections 9.6, 9.10, 9.11, 9.13 and 9.14 shall remain in full force and effect; and provided, further, that nothing herein will relieve any Party from liability for damages for any breach of this Agreement.

SECTION 8
SURVIVAL AND INDEMNIFICATION

8.1 Survival.

(a) The representations and warranties of the Parties contained in this Agreement or in any Related Securities Agreement shall not survive the Closing, except that (i) the representations and warranties contained in Section 3.8 shall survive indefinitely, together with any associated right of indemnification pursuant to Section 8.3 and (ii) the representations and warranties contained in Sections 3.1, 3.2, 3.3, 3.4, 4.1, 4.2, 4.3, 4.4, 4.6, 4.7, 4.8 and 4.10 shall survive two years after the Closing, and shall thereafter terminate, together with any associated right of indemnification pursuant to Section 8.2 or 8.3.

(b) Except as expressly provided in this Agreement, the covenants and agreements of the Parties contained in this Agreement or in any Related Securities

Agreement shall not be limited or affected by any investigation undertaken by any Party, and shall survive indefinitely, together with any associated right of indemnification.

8.2 Indemnification by the Purchaser.

(a) From and after the Closing, the Purchaser shall indemnify, defend and hold harmless the Company Indemnified Parties from, against and in respect of any losses, claims, damages, fines, penalties, assessments by public agencies, settlement, cost or expenses (including reasonable attorneys' fees) and other liabilities (any of the foregoing being a "Loss"), as incurred (payable promptly upon written request), arising from, in connection with or otherwise with respect to:

(i) any breach of any representation or warranty of the Purchaser in this Agreement that survives the Closing; and

(ii) any breach of any covenant or agreement of the Purchaser in this Agreement.

(b) Notwithstanding the foregoing, the Purchaser shall not have any liability with respect to breaches of representations and warranties in this Agreement (i) of which the Company has Knowledge as of the Closing Date or (ii) under Section 8.2(a)(i) unless the aggregate of all Losses for which the Purchaser would, but for this Section 8.2(b)(i), be liable exceeds on a cumulative basis an amount equal to 1% of the purchase price paid pursuant to Section 1.2, as adjusted pursuant to the terms thereof, if applicable; provided, however, that after such amount is reached the Purchaser shall be responsible for the full amount of such Loss.

8.3 Indemnification by the Company.

(a) From and after the Closing, the Company shall indemnify, defend and hold harmless the Purchaser Indemnified Parties from, against and in respect of any Loss, as incurred (payable promptly upon written request), arising from, in connection with or otherwise with respect to:

(i) any breach of any representation or warranty of the Company in this Agreement that survives the Closing; and

(ii) any breach of any covenant or agreement of the Company in this Agreement.

(b) Notwithstanding the foregoing, the Company shall not have any liability with respect to breaches of representations and warranties in this Agreement (i) of which the Purchaser has Knowledge as of the Closing Date or (ii) under Section 8.3(a)(i) unless the aggregate of all Losses for which the Company would, but for this Section 8.3(b)(i), be liable exceeds on a cumulative basis an amount equal to 1% of the purchase price paid pursuant to Section 1.2, as adjusted pursuant to the terms thereof, if applicable; provided, however, that after such amount is reached the Company shall be responsible for the full amount of such Loss.

8.4 Mitigation; Limitation on Consequential, Punitive and Exemplary Damages.

(a) Each of the Parties shall mitigate, and shall cause each of its Affiliates to mitigate, any Loss that such Party or its Affiliates may suffer as a consequence of any matter giving rise to a right to indemnification against any other Party or its Affiliates under Section 8 by taking all actions which a reasonable person would undertake to minimize or alleviate the amount of such Loss and the consequences thereof, as if such Person would be required to suffer the entire amount of such Loss and the consequences thereof by itself, without recourse to any remedy against another Person, including pursuant to any right of indemnification hereunder.

(b) Notwithstanding any other provision of this Agreement, no Indemnifying Party nor its Affiliates nor their respective agents, employees or representatives shall be liable under Section 8 for consequential, incidental, indirect or punitive damages or lost profits in connection with direct claims by an Indemnified Party (i.e., a claim by an Indemnified Party that does not seek reimbursement for a Third Party Claim paid or payable by the Indemnified Party) with respect to the indemnification obligations under this Agreement unless any such claim arises out of the fraudulent actions of an Indemnifying Party or its Affiliates.

(c) The rights provided to each Indemnified Party pursuant to this Section 8, as limited by and subject to the provisions of this Section 8, shall be such Indemnified Party's sole remedy for breach of any representation or warranty by or covenant or obligation of any Indemnifying Party under this Agreement or any Related Securities Agreement.

8.5 Procedures. In order for an Indemnified Party to be entitled to any indemnification provided for under this Agreement, such Indemnified Party shall deliver written notice of a claim for indemnification with reasonable promptness to the Indemnifying Party, which notice shall describe in reasonable detail the nature of the claim, an estimate of the amount of damages attributable to such claim to the extent feasible and the basis of the Indemnified Party's request for indemnification hereunder; provided that any failure to timely give such notice shall not relieve the Indemnifying Party of any of its obligations under this Section 8.5 except to the extent that such failure prejudices or impairs, in any material respect, any of the rights or obligations of the Indemnifying Party. If the Indemnifying Party disputes its liability with respect to such claim, the Indemnifying Party and the Indemnified Party shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved through negotiations, the Indemnified Party may initiate a judicial proceeding in accordance with the conditions set forth in Sections 9.10, 9.13 and 9.14.

8.6 Termination of Indemnification. The obligations to indemnify and hold harmless any Party shall terminate when the applicable representation or warranty terminates pursuant to the terms of this Agreement; provided, however, that such obligations to indemnify and hold harmless shall not terminate with respect to any item as to which the Person to be indemnified shall have, before the expiration of the applicable period, previously made a claim by delivering a notice of such claim pursuant to Section 8.5 to the Party to be providing the indemnification (which notice shall identify the representation or warranty claimed to have been inaccurate, or

the covenant claimed to have been breached, and shall state with reasonable particularity the nature of the asserted inaccuracy or breach).

SECTION 9
MISCELLANEOUS

9.1 Successors and Assigns. No Party may assign or delegate any of its rights or obligations under this Agreement without the prior written consent of all of the other Parties, which consent shall be in the sole and absolute discretion of each such Party. Any purported assignment or delegation without such consent shall be void and ineffective. This Agreement shall be binding upon and inure to the benefit of the successors of each of the Parties.

9.2 Benefits of Agreement Restricted to Parties. This Agreement is made solely for the benefit of the Parties, and no other Person (including each Party's employees or stockholders) shall have any right, claim or cause of action under or by virtue of this Agreement.

9.3 Notices. All notices, requests and other communications (collectively, the "Notices") made pursuant to this Agreement shall be in writing and signed and correctly dated by the Party sending such Notice. All Notices shall be delivered personally (by courier or otherwise) or by facsimile to the receiving Party at the applicable address or facsimile number set forth below:

If to the Company:

Lyondell Chemical Company
1221 McKinney Street, Suite 700
Houston, Texas 77010
Attention: Gerald A. O'Brien
Telecopy Number: 713-309-7312

with a copy to:

Baker Botts L.L.P.
910 Louisiana Street
Houston, Texas 77002
Attention: Stephen A. Massad
Telecopy Number: 713-229-1522

and

Lyondell Chemical Company
1221 McKinney Street, Suite 700
Houston, Texas 77010
Attention: General Counsel
Telecopy Number: 713-652-4538

If to the Purchaser:

Occidental Chemical Holding Corporation
5005 LBJ Freeway
Dallas, Texas 75244
Attention: General Counsel
Telecopy Number: 972-404-4155

Any Notice delivered personally shall be deemed to have been given on the date it is so delivered, or upon attempted delivery if acceptance of delivery is refused, and any Notice delivered by facsimile shall be deemed to have been given on the first Business Day it is received by the addressee (or, if such Notice is not received during regular business hours of a Business Day, at the beginning of the next such Business Day). The address and facsimile numbers set forth above may be changed by a Party by giving Notice of such change of address or facsimile number in the manner set forth in this Section 9.3.

9.4 Severability. In the event that any provision of this Agreement shall finally be determined to be unlawful, such provision shall be deemed severed from this Agreement and every other provision of this Agreement shall remain in full force and effect. If the economic and legal substance of the transaction contemplated hereby is affected in any materially adverse manner as to any of the Parties and the Parties cannot agree on a lawful substitute provision, the adversely affected Party shall have the right to terminate this Agreement immediately upon notice to the other Parties.

9.5 Press Releases. Unless otherwise mutually agreed, no Party shall make or authorize any public release of information regarding the Partnership or any other matters contemplated by, or any provisions or terms of, this Agreement or the Related Securities Agreements except that (a) a press release or press releases in mutually agreed upon form or forms shall be issued by the Parties as promptly as is practicable following the execution of this Agreement, (b) the Parties may, after consultation with each other, communicate with employees, customers, suppliers, stockholders, lenders, lessors, and other particular groups as may be necessary or appropriate and not inconsistent with the prompt consummation of the transactions contemplated by this Agreement and (c) after consultation with the other Parties, any Party may make any release that is required by any Legal Requirement or stock exchange rule or as necessary for the assertion or enforcement of contractual rights.

9.6 Confidentiality Agreement.

(a) The Company and Occidental have previously entered into the Confidentiality Agreement relating to the exchange between the Company and Occidental and its Affiliates of certain confidential information related or otherwise pertinent to the transactions contemplated by this Agreement. Nothing in this Agreement shall be construed as impairing or otherwise limiting the obligations assumed pursuant to the Confidentiality Agreement by the parties thereto, except that the choice of law and consent to jurisdiction provisions in the Confidentiality Agreement shall be deemed to be superseded for all purposes by the choice of law and consent to jurisdiction provisions set forth in Sections 9.10, 9.13 and 9.14.

(b) In addition to the obligations of each Party set forth in Section 9.6(a), the Purchaser, from and after the Closing, with respect to itself and to its Affiliates, agrees and covenants with the Company that it will keep confidential, and cause its and its Affiliates' respective officers, directors, employees and advisors to keep confidential, all information provided after the Closing Date relating to the Company and all information relating to the operations and business of the Company, except, in each case, as required by applicable law or administrative process (to the extent so required) (in which case the Purchaser shall promptly notify the Company and give the Company an opportunity to oppose such disclosure) and except for information that is available to the public on the Closing Date, or thereafter becomes available to the public other than as a result of a breach of this Section 9.6(b). The covenants set forth in this Section 9.6(b) shall be effective as of Closing Date and shall terminate ten years after the Closing Date.

9.7 Entire Agreement. This Agreement together with the Related Securities Agreements sets forth the entire agreement and understanding among the Parties as to the subject matter hereof and merges with and supercedes all prior discussions, agreements and understandings of every kind and nature among them.

9.8 Construction. In construing this Agreement, the following principles shall be followed: (i) no consideration shall be given to the captions of the articles, sections, subsections or clauses, which are inserted for convenience in locating the provisions of this Agreement and not as an aid in construction; (ii) no consideration shall be given to the fact or presumption that any of the Parties had a greater or lesser hand in drafting this Agreement; (iii) examples shall not be construed to limit, expressly or by implication, the matter they illustrate; (iv) the word "includes" and its syntactic variants mean "includes, but is not limited to" and corresponding syntactic variant expressions; (v) the plural shall be deemed to include the singular, and vice versa; (vi) references in this Agreement to Sections, Appendices, Schedules and Exhibits shall be deemed to be references to Sections of, and Appendices, Schedules and Exhibits to, this Agreement unless the context shall otherwise require; (vii) all Appendices, Schedules and Exhibits attached to this Agreement shall be deemed incorporated herein as if set forth in full herein; (viii) the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (ix) references to a Person are also to its permitted successors and permitted assigns; and (x) unless otherwise expressly provided, any agreement, instrument or statute defined or referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein.

9.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, and all of which when taken together shall constitute one and the same original document.

9.10 Governing Law. The laws of the State of Delaware shall govern the construction, interpretation and effect of this Agreement without giving effect to any conflicts of law principles.

9.11 Transaction Costs. Each Party shall be solely responsible for and bear all of its own respective costs, fees and expenses.

9.12 Amendment. All waivers, modifications, amendments or alterations of this Agreement shall require the written approval of each of the Parties. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representations, warranties, covenants or agreements contained herein and in any documents delivered or to be delivered pursuant to this Agreement and in connection with the Closing. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

9.13 Jurisdiction; Consent to Service of Process; Waiver. ANY JUDICIAL PROCEEDING BROUGHT AGAINST ANY PARTY OR ANY DISPUTE UNDER, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT IN THE FEDERAL OR STATE COURTS OF THE STATE OF DELAWARE, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES ACCEPTS THE EXCLUSIVE JURISDICTION OF SUCH COURTS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT (AS FINALLY ADJUDICATED) RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. EACH OF THE PARTIES SHALL APPOINT THE CORPORATION TRUST COMPANY, THE PRENTICE-HALL CORPORATION SYSTEM, INC. OR A SIMILAR ENTITY (THE "AGENT") AS AGENT TO RECEIVE ON ITS BEHALF SERVICE OF PROCESS IN ANY PROCEEDING IN ANY SUCH COURT IN THE STATE OF DELAWARE, AND EACH OF THE PARTIES SHALL MAINTAIN THE APPOINTMENT OF SUCH AGENT (OR A SUBSTITUTE AGENT) FROM THE DATE HEREOF UNTIL THE EARLIER OF THE CLOSING DATE OR THE TERMINATION OF THIS AGREEMENT AND SATISFACTION OF ALL OBLIGATIONS HEREUNDER. THE FOREGOING CONSENTS TO JURISDICTION AND APPOINTMENTS OF AGENT TO RECEIVE SERVICE OF PROCESS SHALL NOT CONSTITUTE GENERAL CONSENTS TO SERVICE OF PROCESS IN THE STATE OF DELAWARE FOR ANY PURPOSE EXCEPT AS PROVIDED ABOVE AND SHALL NOT BE DEEMED TO CONFER RIGHTS ON ANY PERSON OTHER THAN THE PARTIES. EACH PARTY HEREBY WAIVES ANY OBJECTION IT MAY HAVE BASED ON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON-CONVENIENS.

9.14 Waiver of Jury Trial. EACH PARTY HEREBY KNOWINGLY AND INTENTIONALLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING UNDER, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

9.15 Further Assurances. From time to time, at the request of any other Party, each Party shall execute and deliver or cause to be executed and delivered such additional documents and instruments and take all such further action as may be necessary or desirable to consummate the transactions contemplated by this Agreement. When and if applicable, each Party shall cooperate with the Company and timely comply with requests for information by the Company which the Company may be required to seek pursuant to Temporary Treasury Regulation Section 1.382-2T(k)(3).

IN WITNESS WHEREOF, this Securities Purchase Agreement has been executed on behalf of each of the Parties by their respective officers thereunto duly authorized, effective as of the date first written above.

LYONDELL CHEMICAL COMPANY

By: /s/ T. KEVIN DENICOLA

Name: T. Kevin DeNicola
Title: Senior Vice President, Chief
Financial Officer

OCCIDENTAL CHEMICAL HOLDING CORPORATION

By: /s/ J.R. HAVERT

Name: James R. Havert
Title: Vice President and Treasurer

APPENDIX A
TO
SECURITIES PURCHASE AGREEMENT

DEFINITIONS

"20-Day Average Price" shall mean, at any date, the average of the Daily Prices for the 20 consecutive Business Days ending two Business Days before such date.

"Affiliate" shall mean any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified; provided, however, that for purposes of this Agreement neither the Partnership nor any entity controlled by it shall be considered an Affiliate of the Company nor of the Purchaser. For purposes of this definition, the term "control" shall have the meaning set forth in 17 CFR 230.405, as in effect on the date hereof.

"Agent" shall have the meaning set forth in Section 9.13.

"Agreement" shall mean this Securities Purchase Agreement entered into between the Parties as of the date hereof.

"Alternate Cash Consideration" shall have the meaning set forth in the Partner Sub Purchase Agreement.

"Amendment" shall have the meaning set forth in Section 5.4.

"Authority" shall mean any government or governmental or regulatory body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, department or instrumentality thereof, or any court or arbitrator (public or private).

"Bankruptcy Proceeding" shall mean (i) commencement by the Company's creditors of an action regarding the Company under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law of the United States or any foreign jurisdiction, (ii) commencement by the Company of a proceeding to be adjudicated a voluntary bankrupt, (iii) consent by the Company to the filing of a bankruptcy proceeding initiated against the Company, (iv) failure of the Company to contest a bankruptcy proceeding against it or (v) consent by the Company to the appointment of a receiver, custodian, liquidator or trustee for the Company or for all or any substantial portion of its assets.

"Board of Directors" shall mean the Board of Directors of the Company.

"Business Day" shall mean any day on which the New York Stock Exchange, Inc. is open for trading.

"Calendar Quarter" shall mean any of the following periods or any portion thereof: (i) January 1 through March 31; (ii) April 1 through June 31; (iii) July 1 through September 30; or (iv) October 1 through December 31.

"Closing" shall mean the closing of the transactions contemplated by this Agreement.

"Closing Date" shall have the meaning set forth in Section 2.1.

"Common Stock" shall mean Original Common Stock and Series B Common Stock.

"Company" shall mean Lyondell Chemical Company, a Delaware corporation.

"Company Indemnified Parties" shall mean the Company and its Affiliates and each of their respective officers, directors, employees, stockholders, agents and representatives.

"Company Material Adverse Change" shall mean a material adverse change in the financial condition, results of operations, assets or business of the Company and its Subsidiaries taken as a whole, excluding changes resulting from (i) economic or political conditions that affect the world or any regional economy generally, (ii) any change in raw materials prices, product prices or industry capacity or (iii) any other matter of industry-wide application that affects the Company and its Subsidiaries taken as a whole and industry participants whose businesses are comparable thereto in a substantially similar way.

"Company Material Adverse Effect" shall mean any adverse circumstance or consequence that, individually or in the aggregate, has an effect that is material to (i) the financial condition, results of operations, assets or business of the Company and its Subsidiaries taken as a whole or (ii) the ability of the Company to perform its obligations under this Agreement or the Related Securities Agreements.

"Company Rights Agreement" shall mean the Rights Agreement dated December 8, 1995 between the Company (formerly known as Lyondell Petrochemical Company) and The Bank of New York, as rights agent.

"Company SEC Reports" shall have the meaning set forth in Section 3.5.

"Company Securities" shall mean the Initial Shares and the Warrants.

"Confidentiality Agreement" shall mean that Confidentiality Agreement entered into as of January 7, 2002 between the Company and Occidental and binding upon such Parties and their Affiliates as set forth therein.

"Consent" shall mean any consent, waiver, approval, authorization, exemption, registration, license or declaration of or by any other Person or any Authority, or any expiration or termination of any applicable waiting period under any Legal Requirement, required with respect to any Party or any party to the Related Securities Agreements in connection with (i) the execution and delivery of this Agreement or any of the Related Securities Agreements or (ii) the consummation of any of the transactions provided for hereby or thereby.

"Contingent Payment Amount" shall have the meaning set forth in Section 1.3.

"Contingent Shares" shall mean shares of Original Common Stock or Series B Common Stock that are issued and delivered to the Purchaser as satisfaction for a Contingent Payment Amount obligation in accordance with Section 1.3.

"Conversion Share" shall mean any share of Original Common Stock issued upon the conversion of a share of Series B Common Stock in accordance with the terms of the Series B Common Stock.

"Daily Price" shall mean, on any day, the average (calculated to the nearest thousandth) of the high and low per share sales prices of Original Common Stock on such day for sales conducted regular way, as such high and low per share sales prices are reported on www.nysenet.com or, if not reported thereby, another authoritative source.

"Debt Documents" shall mean the Company's Credit Agreement dated as of July 23, 1998, as amended heretofore, and the Indentures, dated as of May 17, 1999 and December 4, 2001, among the Company, the guarantors party thereto and The Bank of New York, as trustee.

"Encumbrance" shall mean any preferential right, lien, charge, encumbrance, security interest, title defect, option or any other restriction or third-party right.

"Exchange Act" shall mean the Securities Exchange Act of 1934.

"Exercise Price" shall mean the exercise price of a Warrant, which is \$25 for each Warrant exercised, subject to adjustment as provided in the Warrant.

"Filing" shall mean any filing with any Person or any Authority required with respect to any Party in connection with (i) the execution and delivery of this Agreement or any of the Related Securities Agreements or (ii) the consummation of any of the transactions provided for hereby or thereby.

"GAAP" shall mean United States generally accepted accounting principles applied on a consistent basis.

"Government License" shall mean, with respect to any Person, all licenses, permits or franchises issued by any Authority relating to the operation, development, use, maintenance or occupancy of facilities or any other assets of such Person's business to the extent that such licenses, permits or franchises relate principally to the normal operation and conduct of such Person's business.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnified Parties" shall mean the Purchaser Indemnified Parties and the Company Indemnified Parties.

"Indemnifying Parties" shall mean the Party against whom indemnity is sought.

"Initial Shares" shall mean the shares of Series B Common Stock to be issued pursuant to Section 1.1.

"Knowledge" shall mean with respect to any Party, the actual knowledge of any of its corporate officers.

"Legal Requirement" shall mean any law, statute, rule, ordinance, decree, regulation, requirement, order, temporary or permanent injunction or judgment of any Authority including the terms of any Government License.

"Loss" shall have the meaning set forth in Section 8.2(a).

"Net Payment Right" shall mean the right of the Company, upon exercise of a Warrant, to pay the difference between the Daily Price of the Original Common Stock on the date of such exercise and the Exercise Price in lieu of issuing one share of Original Common Stock for each Warrant exercised, such payment to be in the form of cash, Original Common Stock or Series B Common Stock.

"Net Payment Shares" shall mean shares of Original Common Stock or Series B Common Stock that are issued by the Company upon exercise of a Warrant in accordance with section 2(b) of the Warrant.

"Notice" shall have the meaning set forth in Section 9.3.

"OCC" shall mean Occidental Chemical Corporation, a New York corporation.

"Occidental" shall mean Occidental Petroleum Corporation, a Delaware corporation.

"Occidental Material Adverse Change" shall mean a material adverse change in the financial condition, results of operations, assets or business of the Purchaser, excluding changes resulting from (x) economic or political conditions that affect the world or any regional economy generally, (y) any change in raw materials prices, product prices or industry capacity or (z) any other matter of industry-wide application that affects the Purchaser and industry participants whose businesses are comparable thereto in a substantially similar way.

"Occidental Material Adverse Effect" shall mean any circumstance or consequence that, individually or in the aggregate, has an effect that is material to (i) the financial condition, results of operations, assets or business of the Purchaser or (ii) on the ability of the Purchaser to perform its obligations under this Agreement or of any Occidental Party to perform its obligations under any Related Securities Agreement.

"Occidental Parent" shall mean OCC and Oxy CH.

"Occidental Parties" shall mean Occidental and the Purchaser.

"Occidental Rights Trigger Amount" shall mean the sum without duplication of the following acquired by Occidental or its Affiliates: (i) up to 34 million shares of Series B Common Stock acquired pursuant to Section 1.1(b) and any Conversion Shares, plus (ii) the number of shares of Original Common Stock acquired by Occidental or any of its Affiliates as a result of the exercise of the Warrant or the number of shares of Original Common Stock or Series B Common Stock received by Occidental from the Company in satisfaction of the Company's obligations under the Warrant, plus (iii) the number of shares of Original Common Stock or Series B Common Stock received by Occidental or any of its Affiliates under the terms of Section 1.3 as a result of the Company's satisfaction of its obligations hereunder to pay the Contingent Payment Amount, plus (iv) the number of shares of Series B Common Stock received by Occidental or any of its Affiliates as a result of a dividend declared and paid on the Series B Common Stock that is satisfied by delivering additional shares of Series B Common Stock, plus (v) an aggregate of not more than 320,000 shares of Original Common Stock acquired in the open market in any Calendar Quarter in accordance with Section 2.2(b) of the Stockholder Agreement; provided that such sum will not exceed a number of shares of Original Common Stock and Series B Common Stock in the aggregate that is equal to 40% of all outstanding shares of Original Common Stock and Series B Common Stock in the aggregate at any time.

"Original Common Stock" shall mean any shares of common stock, par value \$1.00 per share, of the Company that are not Series B Common Stock, whether as provided for in the Restated Certificate of Incorporation of the Company, as amended, in effect as of the date of this Agreement or in the Amendment.

"Oxy CH" shall mean Oxy CH Corporation, a California corporation.

"Parties" shall mean the Company and the Purchaser.

"Partnership" shall mean Equistar Chemicals, LP, a Delaware limited partnership.

"Partnership Agreement" shall mean the partnership agreement of the Partnership.

"Partnership Distribution" shall have the meaning set forth in Section 1.3.

"Partner Sub Purchase Agreement" shall mean that certain agreement dated July 8, 2002 by and among the Company, the Purchaser, Oxy CH and OCC.

"Person" shall mean any natural person, corporation, partnership, limited liability company, joint venture, association, trust or other entity or organization.

"PIK Shares" shall mean any shares of Series B Common Stock issued at the option of the Company, in lieu of a cash dividend otherwise required to be paid, under the terms of the Series B Common Stock.

"Proceeding" shall mean any action, suit, claim or legal, administrative or arbitration proceeding or governmental investigation to which any Party or an Affiliate is a party.

"Proxy Statement" shall mean the Proxy Statement of the Company to be filed with the SEC under the Exchange Act, pursuant to which the Company will seek its stockholders' approval of the Amendment and the issuance of the Company Securities as contemplated hereby.

"Purchaser" shall mean Occidental Chemical Holding Corporation, a California corporation.

"Purchaser Indemnified Parties" shall mean the Purchaser and its Affiliates and each of their respective officers, directors, employees, stockholders, agents and representatives.

"Registration Rights Agreement" shall have the meaning set forth in Section 2.3.

"Related Securities Agreements" shall mean the Stockholder Agreement, the Registration Rights Agreement and the Warrant.

"Sale Proceeds" shall mean the proceeds received from the sale of Common Stock pursuant to Section 5.8, minus all costs, fees and expenses of Occidental or its Affiliates in connection with such sale, including underwriting discounts and commissions and fees and expenses of counsel, but excluding any taxes payable as a result of such sale.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Series B Common Stock" shall mean the shares of Series B common stock, par value \$1.00 per share, of the Company to be authorized by the Amendment.

"Stockholder Agreement" shall mean have the meaning set forth in Section 2.3.

"Subject Securities" shall mean the Initial Shares, Net Payment Shares, Warrant Shares, PIK Shares, Contingent Shares, Conversion Shares and the Warrants.

"Subsidiary" shall mean, with respect to any Party, any Person of which such Party, either directly or indirectly, owns 50% or more of the equity or voting interests.

"Termination Date" shall have the meaning set forth in Section 7.1(d).

"Units" shall mean units representing interests in the Partnership as defined in the Partnership Agreement.

"Warrant" shall mean a warrant for the purchase of a share of Original Common Stock.

"Warrant Shares" shall mean shares of Original Common Stock issued pursuant to the exercise of a Warrant.

WARRANT

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED SOLELY FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL FOR THE HOLDER, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION IS NOT REQUIRED

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN A STOCKHOLDERS AGREEMENT. NO TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE SHALL BE EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS OF SUCH STOCKHOLDERS AGREEMENT HAVE BEEN COMPLIED WITH IN FULL AND NO PERSON MAY REQUEST THE COMPANY TO RECORD THE TRANSFER OF ANY SUCH SECURITIES IF SUCH TRANSFER IS IN VIOLATION OF SUCH STOCKHOLDERS AGREEMENT. A COPY OF SUCH STOCKHOLDERS AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

LYONDELL CHEMICAL COMPANY

WARRANT FOR THE PURCHASE OF SHARES OF COMMON STOCK,
PAR VALUE \$1.00 PER SHARE

Issued August 22, 2002

(Subject to Adjustment)

NO. 1 5,000,000 SHARES

THIS CERTIFIES THAT, for value received, Occidental Chemical Holding Corporation, a California corporation, the registered holder hereof (the "Holder"), is entitled to subscribe for and purchase from LYONDELL CHEMICAL COMPANY, a Delaware corporation (the "Company"), upon the terms and conditions set forth herein, at any time or from time to time, during the Exercise Period, 5 million fully paid and nonassessable shares of Original Common Stock (each share, a "Warrant Share") of the Company, at the Exercise Price, as such number of shares and Exercise Price may be adjusted pursuant to Section 4. This Warrant is the warrant issued pursuant to the Securities Purchase Agreement.

This Warrant is being executed contemporaneously with the Stockholder Agreement. Neither this Warrant, the Warrant Shares nor the Net Payment Shares may be sold or transferred except in accordance with the legend above and the terms and provisions of the Stockholder Agreement.

1. CERTAIN DEFINITIONS.

As used in this Warrant, the following terms shall have the following respective meanings:

"15-Day Price" shall have the meaning set forth in Section 4(a).

"Agent" shall have the meaning set forth in Section 12(m).

"Aggregate Exercise Price" shall mean (i) if the Company does not elect to exercise its Net Payment Right, an amount equal to the Exercise Price multiplied by the number of Warrant Shares for which this Warrant is being exercised or (ii) if the Company elects to exercise its Net Payment Right as to a portion of the Warrant exercised, an amount equal to (x) the Exercise Price multiplied by (y) the number of Warrant Shares for which this Warrant is being exercised minus the number of Warrant Shares for which the Company exercises its Net Payment Right.

"Business Day" shall mean any day on which the NYSE is open for trading.

"Company" shall mean Lyondell Chemical Company, a Delaware corporation, or any Surviving Entity (as defined in the Stockholder Agreement).

"Company Election Notice" shall have the meaning set forth in Section 2(a).

"Corporate Change" shall have the meaning set forth in Section 4(d).

"Daily Price" shall mean, on any day, the average (calculated to the nearest thousandth) of the high and low per share sales prices of Original Common Stock on such day for sales conducted regular way on the NYSE (as reported on www.nysenet.com or, if not reported thereby, another authoritative source).

"Exercise Date" shall mean any date on which the Holder delivers an Exercise Notice to the Company.

"Exercise Notice" shall mean an exercise notice substantially in the form attached hereto as Exhibit A.

"Exercise Period" shall mean the period commencing the Issue Date and ending at 5:00 p.m., Houston, Texas time, on the fifth anniversary thereof.

"Exercise Price" shall mean \$25 per Warrant Share, as adjusted pursuant to Section 4.

"Holder" shall mean Occidental Chemical Holding Corporation, a California corporation, and shall include its permitted successors and assigns.

"Issue Date" shall mean August 22, 2002.

"Net Payment" shall mean an amount equal to (x) the excess, if any, of the Daily Price on the Exercise Date to which the Net Payment relates over the Exercise Price as of such Exercise

Date, multiplied by (y) the number of Warrant Shares for which the Company exercises its Net Payment Right.

"Net Payment Right" shall have the meaning set forth in Section 2(b).

"Net Payment Shares" shall have the meaning set forth in Section 2(b).

"Notice" shall have the meaning set forth in Section 12(d).

"NYSE" shall mean the New York Stock Exchange, Inc.

"Occidental" shall mean Occidental Petroleum Corporation, a Delaware corporation.

"Original Common Stock" shall mean shares of the series of common stock, \$1.00 par value per share, of the Company in existence on the date hereof that is not Series B Common Stock.

"Person" shall mean any natural person, corporation, partnership, limited liability company, joint venture, association, trust or other entity or organization.

"PIK Dividend," with respect to the Series B Common Stock, shall have the meaning set forth in the Amended and Restated Certificate of Incorporation of Lyondell Chemical Company that was filed with the Secretary of State of the State of Delaware on August 21, 2002.

"Registration Rights Agreement" shall mean the Registration Rights Agreement dated as of the Issue Date among the Company and the Holder.

"Related Securities Agreements" shall mean the Stockholder Agreement, the Securities Purchase Agreement and the Registration Rights Agreement.

"Securities Purchase Agreement" shall mean that certain Securities Purchase Agreement, dated July 8, 2002, by and between the Company and Occidental Chemical Holding Corporation.

"Series B Common Stock" shall mean shares of Series B Common Stock, \$1.00 par value per share, of the Company.

"Stockholder Agreement" shall mean that certain Stockholders Agreement dated as of the Issue Date by and among the Company and the Stockholders (as defined therein).

"Subsidiary" shall mean, with respect to a Holder, any Person of which such Holder, either directly or indirectly, owns 50% or more of the equity or voting interests.

"Transfer" shall have the meaning set forth in the Stockholder Agreement.

"Transfer Notice and Adoption Agreement" shall mean a transfer notice and adoption agreement substantially in the form attached hereto as Exhibit B.

"Warrant" shall mean and include this Warrant and any Warrant or Warrants hereafter issued as a consequence of exercise or Transfer of this Warrant in whole or in part.

"Warrant Share" shall have the meaning set forth in the first paragraph hereof.

"Wholly Owned Affiliate," with respect to any party, shall mean any Affiliate of such party that is wholly owned, directly or indirectly, by such party's ultimate parent entity.

2. METHOD OF EXERCISE; COMPANY'S NET PAYMENT OPTION; CERTIFICATES AND NEW WARRANT.

(a) EXERCISE. Subject to compliance with applicable securities laws, this Warrant may be exercised during the Exercise Period, in whole or in part, by delivering a signed and completed Exercise Notice. Within two Business Days after receiving a signed and completed Exercise Notice, the Company shall notify the Holder of whether it will issue Warrant Shares or make a Net Payment in lieu of issuing Warrant Shares for all or any portion of the Warrant exercised (the "Company Election Notice"); provided, however, that if the Company does not deliver a Company Election Notice within such two Business Day period, the Company shall be required to (i) exercise its Net Payment Right with respect to all of the Warrant Shares covered by the applicable Exercise Notice and (ii) satisfy such Net Payment with cash. If the Company elects to exercise its Net Payment Right, the Company Election Notice shall state the number of Warrant Shares to which such Net Payment Right will apply and the form of such Net Payment. Within three Business Days after delivery of a Company Election Notice (or, if the Company does not deliver a Company Election Notice, within five Business Days after delivery of an Exercise Notice), the Holder shall complete its exercise of this Warrant by surrender of this Warrant to the Company at its principal office, or at such other place designated by the Company, together with the Aggregate Exercise Price, if applicable, paid by wire transfer of immediately available funds to an account designated by the Company.

(b) COMPANY'S NET PAYMENT RIGHT. In lieu of delivering to the Holder upon exercise of this Warrant all or any portion of the Warrant Shares, the Company shall have the right in its sole discretion to make a Net Payment to the Holder in the form of (i) cash, (ii) shares of Original Common Stock, (iii) shares of Series B Common Stock (but only until the later of (x) the third anniversary of the Issue Date or (y) the date the Holder or its Wholly Owned Affiliate no longer beneficially owns shares of Series B Common Stock) or (iv) a combination of (i), (ii) and (iii) (the "Net Payment Right"). If the Company elects in its Company Election Notice to exercise its Net Payment Right by delivering to the Holder the amount of all or any portion of the Net Payment in shares of Original Common Stock or Series B Common Stock (each such share a "Net Payment Share"), each such share shall be valued at the Daily Price on the Exercise Date to which the Net Payment relates.

(c) STOCK CERTIFICATES, CASH PAYMENTS AND NEW WARRANT. Within five Business Days after the Holder completes its exercise of this Warrant in accordance with Section 2(a), the Company shall issue and cause to be delivered to or upon the written order of the exercising Holder and in the name of the exercising Holder, (i) a certificate or certificates for the Warrant Shares purchased and/or (ii) if the Company elected in the applicable Company Election Notice to exercise its Net Payment Right as to all or any portion of the Warrant Shares by issuance and delivery of Net Payment Shares, a certificate or certificates representing such Net Payment Shares. If the Company (x) did not deliver a Company Election Notice or (y) elected in a Company Election Notice to exercise its Net Payment Right as to all or any portion of the

Warrant Shares in the form of cash, then the Company shall deliver the applicable cash payment within three Business Days after the Holder completes its exercise of this Warrant in accordance with Section 2(a) by wire transfer of immediately available funds to an account designated by the Holder. If this Warrant should be exercised in part only, the Company shall, within five Business Days after completion of the exercise as set forth in Section 2(a), execute and deliver a new Warrant evidencing the right of the Holder to purchase the balance of the Warrant Shares (or portions thereof) subject to purchase hereunder.

3. STOCK FULLY PAID; RESERVATION OF SHARES. Each Warrant Share issuable upon exercise of this Warrant, upon receipt by the Company of the Exercise Price therefore, and each Net Payment Share issuable upon exercise of this Warrant in lieu of Warrant Shares, shall be validly issued, fully paid and nonassessable, and free from all taxes, liens, and charges with respect to its issuance. So long as this Warrant remains outstanding, the Company shall at all times reserve and keep available out of its authorized and unissued Original Common Stock solely for the purpose of providing for the exercise of the rights to purchase all Warrant Shares granted pursuant to this Warrant such number of shares of Original Common Stock as shall, from time to time, be sufficient therefor.

4. ADJUSTMENTS. The number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

(a) DAILY PRICE SHORTFALL. If the average (rounded to the nearest thousandth) of the Daily Prices for the 15 consecutive Business Days ending December 31, 2002 (the "15-Day Price") is:

(i) less than or equal to \$7.00 per share, then (A) the number of Warrant Shares purchasable upon this Warrant's exercise shall be increased to 6 million shares and (B) the Exercise Price shall be decreased to \$22.30 per share;

(ii) greater than \$7.00 per share and less than \$11.00 per share, then (A) the number of Warrant Shares purchasable upon this Warrant's exercise shall be

$5 \text{ million} + ((\$11.00 - 15\text{-Day Price}) \times 250,000);$

and (B) the Exercise Price shall be

$\$25 - ((\$11.00 - 15\text{-Day Price}) \times \$0.675).$

(b) RECLASSIFICATION. If there is any reclassification or change in the Company's Original Common Stock, the Company shall execute a new Warrant providing that the Holder has the right to exercise such new Warrant and receive upon such exercise (and payment of the same Exercise Price), in lieu of the Warrant Shares previously issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money, and property that a Holder of an equivalent number of Warrant Shares would receive upon such reclassification or change. Any such new Warrant shall provide for adjustments that are as nearly equivalent as practicable to the adjustments provided for in this Section 4, which shall apply similarly to successive reclassifications or changes and to the Net Payment Right.

(c) STOCK SPLITS, DIVIDENDS AND COMBINATIONS. If the Company at any time subdivides its outstanding Original Common Stock or issues a stock dividend on shares of Original Common Stock, the number of Warrant Shares purchasable upon this Warrant's exercise immediately before such subdivision or stock dividend shall be proportionately increased, and the Exercise Price shall be proportionately decreased. If the Company at any time combines its outstanding Original Common Stock, the number of Warrant Shares issuable upon this Warrant's exercise immediately before such combination shall be proportionately decreased, and the Exercise Price shall be proportionately increased. Any adjustment made pursuant to this Section 4(c) shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

(d) CONSOLIDATION, MERGER, OR SALE. If the Company consolidates or merges with another entity (other than a consolidation or merger in which the Company is the surviving or continuing entity and that does not result in any change in the Original Common Stock), or Transfers or disposes of all or substantially all of its assets to another entity (collectively, a "Corporate Change"), then the Holder shall, upon exercising this Warrant, have the right to receive the number of Warrant Shares, other Company securities or property, or successor entity's securities or property, as the case may be, that the Holder would have received upon such Corporate Change if the Holder had exercised this Warrant immediately before such Corporate Change. If there is a Corporate Change, the Company or its successor following such Corporate Change shall make appropriate adjustments to the provisions of this Warrant (including those relating to adjusting the Exercise Price, the number of Warrant Shares issuable upon exercising this Warrant and the Company's Net Payment Right) so that this Warrant will apply, as nearly as possible, to any shares or other property deliverable upon exercise of this Warrant as if the Holder had exercised this Warrant immediately before such Corporate Change and the Holder had carried out the terms of the exchange such Corporate Change provided for effective as of the consummation of such Corporate Change. The Company shall not effect any Corporate Change unless, upon or before it is consummated, the Company's successor following such Corporate Change has assumed in writing (x) the obligation to deliver to the Holder the shares of stock or other securities, cash or property that the Holder has the right to purchase in accordance with this Section 4(d) and (y) the Company's other obligations under this Warrant.

(e) LIMITATION ON ADJUSTMENTS. No adjustment in the number of Warrant Shares purchasable upon exercise of this Warrant shall be required unless such adjustment would require an increase or decrease of at least three percent in the number of Warrant Shares then purchasable upon the exercise of this Warrant or, if this Warrant is not then exercisable, the number of Warrant Shares purchasable upon the exercise of this Warrant on the first date thereafter that this Warrant become exercisable. No adjustment in the Exercise Price shall be required if such adjustment is less than \$.01. Any adjustments which by reason of this Section 4(e) are not required to be made immediately shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 4(e) shall be made to the nearest cent or to the nearest one-thousandth of a share, as the case may be.

5. NOTICE OF ADJUSTMENTS AND CORPORATE CHANGE. Whenever the number of Warrant Shares purchasable under this Warrant or the Exercise Price are adjusted pursuant to Section 4, the Company shall promptly notify the Holder describing, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which the

adjustment was calculated, the number and class of Warrant Shares that the Holder has the right to purchase, and the Exercise Price for each Warrant Share after effecting the adjustment. Failure to mail the notice or any defect therein shall not affect the validity of the transaction requiring the mailing of such notice.

6. FRACTIONAL SHARES. The Holder does not have the right to exercise this Warrant for fractional shares. In lieu of fractional shares, the Company shall make a cash payment equal to the value of such fractional shares based on the Exercise Price then in effect.

7. SECURITIES LAWS. In order to exercise this Warrant, the exercising Holder shall, as a condition to such exercise, be required to make the representations and warranties set forth in the Exercise Notice as of the date of each such Exercise Notice. Each Holder agrees that all the provisions of the Stockholder Agreement, if applicable and still in effect pursuant to the terms thereof, shall apply to Warrant Shares and/or Net Payment Shares.

8. MUTILATED OR MISSING WARRANTS. In case a certificate or certificates evidencing this Warrant shall be mutilated, lost, stolen or destroyed, the Company shall, at the request of a Holder, issue and deliver in exchange and substitution for and upon cancellation of the mutilated certificate or certificates, or in lieu of and substitution for the certificate or certificates lost, stolen or destroyed, a new Warrant certificate or certificates of like tenor and representing an equivalent right or interest, but only upon receipt of evidence satisfactory to the Company of such loss, theft or destruction of such Warrant and a bond of indemnity, if requested, also satisfactory in form and amount at the Holder's cost. The Holder shall also comply with such other reasonable regulations and pay such other reasonable charges as the Company may prescribe in connection with the issuance and delivery of a new Warrant certificate or certificates.

9. NO RIGHT AS STOCKHOLDER. No Holder shall be entitled, in its capacity as a Holder, to vote or receive dividends or be deemed the holder of the Warrant Shares or Net Payment Shares, as applicable, or any other Company securities that may at any time be issuable on this Warrant's exercise for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, in its capacity as a Holder, any of the rights of a Company stockholder, including any right (i) to vote for the election of directors or upon any matter submitted to stockholders at any stockholder meeting, (ii) to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, merger, conveyance, or otherwise) or (iii) to receive notice of meetings, to receive dividends or subscription rights, or otherwise, until the Holder exercises this Warrant and the Warrant Shares or Net Payment Shares, as applicable, issuable upon this Warrant's exercise have become deliverable, as provided in this Warrant.

10. TRANSFER OF WARRANT. Transfer of this Warrant and any Warrant Shares and/or Net Payment Shares issued upon exercise of this Warrant is restricted by Section 4 of the Stockholder Agreement. As a condition to the Company's obligation to effect a Transfer permitted under Section 4 of the Stockholder Agreement, any proposed transferee of this Warrant shall (i) be required to demonstrate compliance with such article and (ii) agree in writing with the Company to be bound by the terms of the Stockholder Agreement as if an original signatory thereto by executing a Transfer Notice and Adoption Agreement.

11. TERMINATION OF WARRANT. This Warrant, other than the rights and obligations specified in this Section 11 and Sections 12(d), 12(m) and 12(n), which survive termination of this Warrant, shall terminate and expire at 5:00 p.m., Houston, Texas time, on the last day of the Exercise Period.

12. MISCELLANEOUS.

(a) SUCCESSORS AND ASSIGNS. Except as may be expressly provided herein, this Warrant shall be binding upon and inure to the benefit of the successors of the Company and the Holder. Neither the Company nor the Holder may otherwise assign or delegate any of its rights or obligations under this Warrant without the prior written consent of the other, which consent shall be in the sole and absolute discretion of the Company or the Holder, as applicable. Any purported assignment or delegation without such consent shall be void and ineffective.

(b) CERTAIN EVENTS. The Holder agrees that this Warrant and the obligations hereunder shall attach to this Warrant and the shares issued upon exercise of this Warrant and shall be binding upon any Person to which legal or beneficial ownership of such shares shall pass, whether by operation of law or otherwise.

(c) BENEFITS OF AGREEMENT RESTRICTED TO PARTIES. This Warrant is made solely for the benefit of the Company and the Holder and no other Person (including employees or shareholders of the Holder) shall have any right, claim or cause of action under or by virtue of this Warrant.

(d) NOTICES. All notices, requests and other communications (collectively, the "Notices") made pursuant to this Warrant shall be in writing and signed and correctly dated by the party sending such Notice. All Notices shall be delivered personally (by courier or otherwise) or by facsimile to the receiving party at the applicable address or facsimile number set forth below:

If to the Company:

Lyondell Chemical Company
1221 McKinney Street, Suite 700
Houston, Texas 77010
Attention: Gerald A. O'Brien
Facsimile: 713-309-7312

with a copy to:

Baker Botts L.L.P.
910 Louisiana Street
Houston, Texas 77002
Attention: Stephen A. Massad
Facsimile: 713-229-1522

and

Lyondell Chemical Company
1221 McKinney Street, Suite 700
Houston, Texas 77010
Attention: General Counsel
Facsimile: 713-309-2143

If to a Holder:

Occidental Chemical Holding Corporation
5005 LBJ Freeway
Dallas, Texas 75244
Attention: General Counsel
Facsimile: 972-404-4155

Any Notice delivered personally shall be deemed to have been given on the date it is so delivered, or upon attempted delivery if acceptance of delivery is refused, and any Notice delivered by facsimile shall be deemed to have been given on the first Business Day it is received by the addressee (or, if such Notice is not received during regular business hours of a Business Day, at the beginning of the next such Business Day). The address and facsimile numbers set forth above may be changed by the Company or a Holder by giving Notice of such change of address or facsimile number in the manner set forth in this Section 12(d).

(e) SEVERABILITY. In the event that any provision of this Warrant shall finally be determined to be unlawful, such provision shall be deemed severed from this Warrant and every other provision of this Warrant shall remain in full force and effect.

(f) CONSTRUCTION. In construing this Warrant, the following principles shall be followed: (i) no consideration shall be given to the captions of the sections, subsections or clauses, which are inserted for convenience in locating the provisions of this Warrant and not as an aid in construction; (ii) no consideration shall be given to the fact or presumption that any of the Company or the Holder had a greater or lesser hand in drafting this Warrant; (iii) the word "includes" and its syntactic variants mean "includes, but is not limited to" and corresponding syntactic variant expressions; (iv) the plural shall be deemed to include the singular, and vice versa; (v) references in this Warrant to Sections and Exhibits shall be deemed to be references to Sections of, and Exhibits to, this Warrant unless the context shall otherwise require; (vi) all Exhibits attached to this Warrant shall be deemed incorporated herein as if set forth in full herein; (vii) the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Warrant as a whole and not to any particular provision of this Warrant; and (viii) unless otherwise expressly provided, any agreement, instrument or statute defined or referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein.

(g) ENTIRE AGREEMENT. This Agreement together with the Related Securities Agreements set forth the entire agreement and understanding among the Company and the Holder as to the subject matter hereof and merges and supercedes all prior discussions, agreements and understandings of every kind and nature among them.

(h) COUNTERPARTS. This Warrant may be executed in one or more counterparts, each of which shall constitute an original, and all of which when taken together shall constitute one and the same original document.

(i) GOVERNING LAW. The laws of the State of Delaware shall govern the construction, interpretation and effect of this Warrant without giving effect to any conflicts of law principles.

(j) TRANSACTION COSTS. The Company and the Holder shall each be solely responsible for and bear all of its own respective costs, fees and expenses.

(k) AMENDMENT. All waivers, modifications, amendments or alterations of this Warrant shall require the written approval of the Company and all Holders. Except as provided in the preceding sentence, no action taken pursuant to this Warrant, including any investigation by or on behalf of the Company or a Holder, shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained herein and/or in any documents delivered or to be delivered pursuant to this Warrant. The waiver by the Company or a Holder of a breach of any provision of this Warrant shall not operate or be construed as a waiver of any subsequent breach.

(l) SPECIFIC PERFORMANCE. Each Holder and the Company agree that each would be irreparably damaged if for any reason a party fails to perform any of its obligations under this Warrant, and that a party would not have an adequate remedy at law for money damages in such event. Accordingly, each other party shall be entitled to seek specific performance and injunctive and other equitable relief to enforce the performance of this Warrant by any other party. This provision is without prejudice to any other rights that a party may have against another party for any failure to perform its obligations under this Warrant.

(m) JURISDICTION; CONSENT TO SERVICE OF PROCESS; WAIVER. ANY JUDICIAL PROCEEDING BROUGHT AGAINST THE COMPANY OR THE HOLDER UNDER OR ARISING OUT OF OR IN CONNECTION WITH THIS WARRANT SHALL BE BROUGHT IN THE FEDERAL OR STATE COURTS OF THE STATE OF DELAWARE, AND, BY EXECUTION AND DELIVERY OF THIS WARRANT, EACH OF THE COMPANY AND THE HOLDER ACCEPTS THE EXCLUSIVE JURISDICTION OF SUCH COURTS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT (AS FINALLY ADJUDICATED) RENDERED THEREBY IN CONNECTION WITH THIS WARRANT. EACH OF THE COMPANY AND THE HOLDER SHALL APPOINT THE CORPORATION TRUST COMPANY, THE PRENTICE-HALL CORPORATION SYSTEM, INC. OR A SIMILAR ENTITY (THE "AGENT") AS AGENT TO RECEIVE ON ITS BEHALF SERVICE OF PROCESS IN ANY PROCEEDING IN ANY SUCH COURT IN THE STATE OF DELAWARE, AND EACH OF THE COMPANY AND THE HOLDER SHALL MAINTAIN THE APPOINTMENT OF SUCH AGENT (OR A SUBSTITUTE AGENT) FROM THE DATE

HEREOF UNTIL THE EARLIER OF THE CLOSING DATE OR THE TERMINATION OF THIS WARRANT AND SATISFACTION OF ALL OBLIGATIONS HEREUNDER. THE FOREGOING CONSENTS TO JURISDICTION AND APPOINTMENTS OF AGENT TO RECEIVE SERVICE OF PROCESS SHALL NOT CONSTITUTE GENERAL CONSENTS TO SERVICE OF PROCESS IN THE STATE OF DELAWARE FOR ANY PURPOSE EXCEPT AS PROVIDED ABOVE AND SHALL NOT BE DEEMED TO CONFER RIGHTS ON ANY PERSON OTHER THAN THE COMPANY AND THE HOLDER. EACH OF THE COMPANY AND THE HOLDER HEREBY WAIVES ANY OBJECTION IT MAY HAVE BASED ON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON-CONVENIENS.

(n) WAIVER OF JURY TRIAL. EACH OF THE COMPANY AND THE HOLDER HEREBY KNOWINGLY AND INTENTIONALLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS WARRANT AND FOR ANY COUNTERCLAIM THEREIN.

(o) FURTHER ASSURANCES. From time to time, at the request of the Company or a Holder, the parties shall execute and deliver or cause to be executed and delivered such additional documents and instruments and take all such further action as may be necessary or desirable to consummate the transactions contemplated by this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by a duly authorized officer on the day and year first written below.

Dated: August 22, 2002.

LYONDELL CHEMICAL COMPANY

By: /s/ T. KEVIN DENICOLA

Name: T. Kevin DeNicola
Title: Senior Vice President and
Chief Financial Officer

Holder:

OCCIDENTAL CHEMICAL HOLDING CORPORATION

By: /s/ J. R. Havert

Name: J. R. Havert
Title: Vice President and Treasurer

STOCKHOLDERS AGREEMENT

AMONG

LYONDELL CHEMICAL COMPANY,

AND

THE STOCKHOLDERS

AS DEFINED HEREIN

AUGUST 22, 2002

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APPENDIX

Appendix A Definitions

EXHIBITS:

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STOCKHOLDERS AGREEMENT

This STOCKHOLDERS AGREEMENT (this "Agreement"), dated as of August 22, 2002, is entered into by and among Lyondell Chemical Company, a Delaware corporation, and the Stockholders.

The definitions of capitalized terms used in this Agreement are set forth in Appendix A.

RECITALS

WHEREAS, Lyondell Chemical Company and Occidental Chemical Holding Corporation, a California corporation ("OCHC"), entered into a Securities Purchase Agreement dated as of July 8, 2002 (the "Securities Purchase Agreement"), governing the sale by the Company to OCHC of Series B Common Stock, Warrants and contingent consideration;

WHEREAS, as required by the terms of the Securities Purchase Agreement, each Stockholder agrees for the benefit of the Company as set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained in this Agreement, the Parties hereby agree as follows:

SECTION 1

TERM

1.1 Term. This Agreement is effective as of the date hereof until the Termination Date. "Termination Date" means, (i) as to Occidental and its Wholly Owned Affiliates, the date Occidental and its Wholly Owned Affiliates beneficially own in the aggregate, directly or indirectly, less than 17 million shares of Common Stock (excluding for purposes of this Section 1.1, shares to be issued to OCHC or its Subsidiaries upon exercise of a Warrant) and (ii) as to a transferee that is not a Wholly Owned Affiliate of OCHC, the date such transferee and its Affiliates beneficially own in the aggregate, directly or indirectly, less than 5 million shares of Common Stock.

1.2 Effect of Termination. From and after the Termination Date for a Stockholder, this Agreement shall become null and void and of no further force and effect except for the provisions of Sections 1.2, 4.4, 4.5 and 7 (except Sections 7.15 and 7.16), which shall survive the Termination Date for such Stockholder. Nothing in this Section 1.2 shall be deemed to release any Party from any liability for its breach of the terms, conditions and restrictions of this Agreement before the Termination Date for such Stockholder.

SECTION 2

STANDSTILL

2.1 Standstill. Occidental agrees that neither it nor any of its Wholly Owned Affiliates, and each Stockholder (other than Occidental and its Wholly Owned Affiliates) agrees that neither it nor any of its Affiliates, shall:

(a) in any manner acquire, agree to acquire or make any proposal to acquire, directly or indirectly, any securities of the Company, whether such agreement or proposal is made with or to the Company or a third party;

(b) make any unsolicited inquiry, proposal or offer to enter into, directly or indirectly, any sale of all or substantially all assets or property of the Company, merger or other similar business combination involving the Company;

(c) make, or in any way participate, directly or indirectly, in any "solicitation" of "proxies" (as such terms are used in the proxy rules of the SEC) to vote, or seek to advise or influence any Person with respect to the voting of, any Voting Securities of the Company;

(d) except, in the case of Occidental and its Wholly Owned Affiliates, for (i) participation by Dr. Ray Irani and/or Stephen I. Chazen on the Board of Directors and (ii) subject to Section 3.1, voting in matters presented by the Company for a stockholder vote, form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Voting Securities of the Company;

(e) except, in the case of Occidental and its Wholly Owned Affiliates, for (i) participation by Dr. Ray Irani and/or Stephen I. Chazen on the Board of Directors and (ii) subject to Section 3.1, voting in matters presented by the Company for a stockholder vote, otherwise] act, alone or in concert with others, seek to control or influence the management, Board of Directors or policies of the Company;

(f) except, in the case of Occidental and its Wholly Owned Affiliates, for (i) participation by Dr. Ray Irani and/or Stephen I. Chazen on the Board of Directors and (ii) subject to Section 3.1, voting in matters presented by the Company for a stockholder vote, take any action which might reasonably be expected to require the Company to make a public announcement regarding the possibility of a merger or other similar business combination of the Company;

(g) except as expressly provided in Section 3.3, seek election to or seek to place a representative on the Board of Directors of the Company or any of its Affiliates or seek the removal of any member of the Board of Directors of the Company or any of its Subsidiaries;

(h) initiate, solicit (or participate in a solicitation) or propose the approval of one or more stockholder proposals with respect to the Company or any of its Subsidiaries or induce or encourage or attempt to induce or encourage any other Person to initiate any such stockholder proposal;

(i) request the Company to, or seek to cause the Company (or its Board of Directors) to, call any meeting of the stockholders of the Company or any of its Subsidiaries;

(j) initiate any written consent of the stockholders of the Company or sign any written consent of the stockholders of the Company or otherwise take any action by any such written consent unless requested to do so by the Board of Directors;

(k) grant or agree to grant any proxy or other voting power to any Person other than the Company or other Persons designated by the Company to vote at any meeting of the stockholders of the Company, or deposit any Voting Securities of the Company in a voting trust or, except as specifically contemplated by this Agreement, subject them to a voting agreement or other agreement or arrangement with respect to the voting of such Voting Securities;

(l) disclose any intention, plan or arrangement inconsistent with the foregoing;

(m) except, in the case of Occidental and its Wholly Owned Affiliates, for (i) participation by Dr. Ray Irani and/or Stephen I. Chazen on the Board of Directors and (ii) subject to Section 3.1, voting in matters presented by the Company for a stockholder vote, advise, facilitate, encourage, provide assistance (including financial assistance) to or hold discussions with any other Persons in connection with any of the foregoing; or

(n) request a waiver, modification or amendment by the Board of Directors of any of the foregoing restrictions.

2.2 Exceptions. Notwithstanding Section 2.1:

(a) Occidental and its Wholly Owned Affiliates may, by notice to the Company, suspend the provisions of Section 2.1 at any time within 30 calendar days after the commencement of a bona fide tender offer or exchange offer for outstanding shares of Common Stock of the Company that (i) is made by a Person other than the Company or a controlled Affiliate of the Company, (ii) is not made pursuant to an agreement between the offeror and the Company and (iii) to the extent the consideration offered is cash, contains commitments for or evidence of financing sufficient to pay the entire cash purchase price; provided, however, that any such suspension shall apply only with respect to actions commenced by Occidental and its Wholly Owned Affiliates prior to the time the tender or exchange offer of such other Person is abandoned or terminated or fails to satisfy clause (i), (ii) or (iii) above.

(b) Section 2.1 shall not be applicable to the purchase, directly or indirectly, by Occidental and its Wholly Owned Affiliates of up to 320,000 shares of Original Common Stock in the open market during any Calendar Quarter ending after the date hereof so long as after giving effect to such purchase, Occidental and its Wholly Owned Affiliates will beneficially own in the aggregate, directly or indirectly, a lower ownership percentage in the Company than the Occidental Rights Trigger Amount (as defined in the Securities Purchase Agreement). Occidental hereby agrees, and shall cause its Wholly Owned Affiliates, to promptly notify the Company of the purchase of any such shares.

(c) Section 2.1 shall not be applicable to the exercise of the Warrant or the issuance and delivery by the Company to a Stockholder of (i) PIK Shares, (ii) Conversion Shares, (iii) Contingent Shares, (iv) Warrant Shares, (v) Net Payment Shares or (vi) the Initial Shares.

SECTION 3

VOTING PROVISIONS; BOARD APPOINTMENTS; GOVERNANCE MATTERS

3.1 Voting Agreement. Occidental agrees, and shall cause its Wholly Owned Affiliates to agree, and each Stockholder (other than Occidental and its Wholly Owned Affiliates) agrees, and shall cause its Affiliates to agree, that until the Termination Date for such Stockholder, each share of each class of Voting Securities of the Company beneficially owned, directly or indirectly, by such Stockholder and its Affiliates shall be "present" for the taking of any Stockholder action and voted "for" the nominees to the Board of Directors proposed by the Continuing Directors. The provisions of this Section 3.1 shall apply to both the casting of votes at a general or special meeting of stockholders of the Company and any execution of stockholder action by written consent. Each Stockholder agrees and shall, and shall cause its Affiliates to (i) execute and deliver to the Secretary of the Company not later than 20 calendar days prior to the date of any general meeting of stockholders of the Company a proxy (in such form as provided by and on behalf of the Board of Directors) representing all Voting Securities of the Company beneficially owned, directly or indirectly, by such Stockholder and its Affiliates voted in accordance with the provisions of this Section 3.1 and (ii) take similar or analogous action with respect to a request for written consents from Stockholders of the Company.

3.2 Proxies and Voting Agreements. Each Stockholder hereby revokes any and all previous proxies granted with respect to matters set forth in Section 3.1. Except as contemplated hereby, no Stockholder shall, directly or indirectly, grant any proxies or powers of attorney, deposit, or enter into a voting agreement with respect to, any Voting Securities of the Company with respect to matters set forth in Section 3.1.

3.3 Board Appointments.

(a) The Company shall exercise all authority under applicable law to cause Dr. Ray Irani and Stephen I. Chazen to be appointed as directors of the Company effective as of the date hereof. The Parties agree that if either such individual is at any time unable, unwilling or not qualified to serve as a director of the Company, neither Occidental, its Subsidiaries nor any other Person shall have the right to name a substitute or to require that a different individual be appointed to the Board of Directors.

(b) The Company shall exercise all authority under applicable law to cause any slate of directors presented to the stockholders of the Company for election to the Board of Directors to include both Dr. Ray Irani and Stephen I. Chazen, so long as they are qualified to serve, until Occidental and its Subsidiaries beneficially own in the aggregate, directly or indirectly, less than 17 million shares of Common Stock (excluding for purposes of this Section 3.3(b), shares to be issued to OCHC or its Wholly Owned Affiliates upon exercise of a Warrant), from which time until the Termination Date for Occidental and its Wholly Owned Affiliates only one of such individuals (to be determined in the sole discretion of the Company) shall be entitled to a seat on the Board of Directors.

3.4 Conversion of Shares of Series B Common Stock into Shares of Original Common Stock.

(a) Occidental agrees, and shall cause its Wholly Owned Affiliates to agree, and each Stockholder (other than Occidental and its Wholly Owned Affiliates) agrees, and shall cause its Affiliates to agree, that, notwithstanding the terms of conversion set forth in Article IV, Section II(6)(a) of the Amended and Restated Certificate, any shares of Series B Common Stock beneficially owned by a Stockholder that are Initial Shares, Net Payment Shares, Contingent Shares or PIK Shares may be converted into shares of Original Common Stock at the option of a Stockholder only at any time:

(i) after August 21, 2005;

(ii) after August 21, 2004, but only if the Company would

be entitled, without breach or violation of any of the covenants in the indentures and other agreements governing its indebtedness outstanding at such time (and without reliance on Section 4.07(b)(xv) of the Indenture dated as of May 17, 1999 between the Company and The Bank of New York, as Trustee, relating to the Company's Senior Secured Notes 2007 or any like provision of any other indenture to which the Company is a party), to pay, immediately after conversion of the outstanding shares of Series B Common Stock proposed to be converted, cash dividends on the shares of Series B Common Stock to be converted at the same rate per share as the Company paid on its outstanding shares of Original Common Stock on the last dividend payment date immediately preceding such time, all as reasonably determined in good faith by the Company;

- (iii) with the prior written consent of the Company, pursuant to action by the Board of Directors; or

- (iv) following an acquisition by any person of a majority of the outstanding Voting Securities of the Company in a transaction not approved by the Board of Directors.

(b) If the timing of the conversion so requires, then, in addition to the items set forth in Article IV, Section 6(c)(i) of the Amended and Restated Certificate, each share of Series B Common Stock submitted to the Company for conversion shall also be accompanied by a certified copy of the resolutions of the Board of Directors consenting to the conversion or stating that the conditions for conversion set forth in this Section 3.4 have been satisfied. If OCHC or its Wholly Owned Affiliate request conversion of one or more shares of Series B Common Stock and the timing of such conversion requires a certified copy of resolutions of the Board of Directors consenting to such conversion or stating that the conditions for conversion set forth in this Section 3.4 have been satisfied, the Board of Directors shall promptly consider such conversion and provide OCHC or its Wholly Owned Affiliate, as applicable, with certified resolutions reflecting the results of such consideration.

(c) From the date hereof until the date OCHC and its Wholly Owned Affiliates cease to beneficially own in the aggregate, directly or indirectly, shares of Series B Common Stock eligible for conversion pursuant to this Section 3.4 and Article IV, Section 6 of the Amended and Restated Certificate, the Company shall cause the time period commencing with the date a dividend is declared on shares of the Series B Common Stock and the related record date to not exceed sixty calendar days unless otherwise required by applicable law.

3.5 Number of Authorized Shares of Series B Common Stock. (a)

From the date hereof until the Termination Date for OCHC and its Wholly Owned Affiliates, the Company shall not effect an amendment to the Amended and Restated Certificate (whether by merger, consolidation or otherwise) that increases the number of authorized shares of Series B Common Stock without the prior written consent of OCHC.

SECTION 4

TRANSFERS

4.1 Transfers.

(a) No Stockholder may Transfer a Subject Security except as permitted by and in accordance with Sections 4.1(b) or 4.1(c).

(b) A Stockholder may Transfer, subject to applicable laws, Warrant Shares, Conversion Shares, Net Payment Shares (Original) and Contingent Shares (Original) as follows:

- (i) pursuant to a registered public offering in accordance with the terms and conditions of the Registration Rights Agreement (a "Registered Public Offering");

- (ii) pursuant to Rule 144 of the Securities Act in an unsolicited "broker's transaction" (as defined in Rule 144 of the Securities Act) on a securities exchange in compliance with the volume limitations set forth in Rule 144(e) of the Securities Act (regardless of whether such volume limitations are applicable by law to the transferor Stockholder); or
- (iii) in connection with a sale of not more than 15 million shares in a single transaction or series of related transactions.

(c) OCHC may Transfer any Subject Security to any Wholly Owned Affiliate.

(d) Notwithstanding the restrictions on Transfer set forth in this Section 4.1, a Stockholder may mortgage, pledge, encumber or create or suffer to exist any pledge, lien or encumbrance upon or security interest in ("Pledge") all or part of its Subject Securities to any one or more Approved Lenders; provided that the Pledge shall be evidenced by an instrument, the form of which shall be reasonably satisfactory to the Company, wherein the Approved Lender receiving such Pledge shall agree that in the event it obtains a right of foreclosure on a Stockholder's Subject Securities, such Approved Lender shall (i) assume all of the obligations of such Stockholder hereunder and (ii) be bound by the terms, conditions and restrictions set forth in this Agreement. The term "Pledge" is used herein both as a noun and as a verb. The term "Approved Lender" is used herein to mean any bank, insurance company, investment bank or other financial institution that is regularly engaged in the business of making loans.

4.2 Compliance Certificate; Adoption Agreement.

(a) As a condition to the Company's obligation to effect a Transfer permitted under Section 4.1(b), the transferor Stockholder shall execute and deliver a certificate of compliance with Section 4.1(b) in the form of Exhibit A attached hereto or in such other form that is reasonably satisfactory to the Company. In addition, any transferee (other than a QIB) who acquires five million or more Subject Shares pursuant to a Transfer in accordance with Section 4.1(b) and such transferee's ultimate parent entity shall execute an Adoption Agreement in the form of Exhibit B attached hereto or in such other form that is reasonably satisfactory to the Company.

(b) As a condition to the Company's obligation to effect a Transfer permitted under Section 4.1(c), any transferee of Subject Securities shall execute an Adoption Agreement in the form of Exhibit C attached hereto or in such other form that is reasonably satisfactory to the Company.

4.3 Invalid Transfers. Any Transfer of Subject Securities contrary to the provisions of this Section 4 shall be null and void, and the transferee shall not be recognized by the Company as the holder or owner of such Subject Security Transferred for any purpose (including voting or dividend rights), unless and until the requirements of Sections 4.1, 4.2, 4.4 and 4.5 have been satisfied. No Subject Security shall be transferred on the books of the Company until each of such provisions have been satisfied.

4.4 Compliance with Securities Laws. No Stockholder shall Transfer its interest in a Subject Security at any time if such action would constitute a violation of any federal or state securities or blue sky laws or a breach of the conditions to any exemption from registration of such Subject Security under any such laws or a breach of any undertaking or agreement of a Stockholder entered into pursuant to such laws or in connection with obtaining an exemption thereunder, and, except in the case of a Registered Public Offering, the Company shall not be required to transfer upon its books such Subject Security unless prior thereto the Company shall have received an opinion of counsel in form and substance reasonably satisfactory to the Company that such transaction is in compliance with this Section 4.4. This Section 4.4 shall survive termination of this Agreement for the maximum period permitted by applicable law.

4.5 Restrictive Legends.

(a) A copy of this Agreement will be filed with the Secretary of the Company and kept with the records of the Company.

(b) All certificates representing shares of Subject Shares shall bear the following legend noted conspicuously on such certificates:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. SUCH SHARES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AS TO THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION AND THAT SUCH REGISTRATION IS NOT REQUIRED.

THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS SET FORTH IN A STOCKHOLDERS AGREEMENT. NO TRANSFER OF THESE SHARES WILL BE EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS OF SUCH STOCKHOLDERS AGREEMENT HAVE BEEN COMPLIED WITH IN FULL AND NO PERSON MAY REQUEST THE COMPANY TO RECORD THE TRANSFER OF ANY SHARES IF SUCH TRANSFER IS IN VIOLATION OF SUCH STOCKHOLDERS AGREEMENT. A COPY OF SUCH STOCKHOLDERS AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY. THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS

ON VOTING PROVIDED FOR IN SUCH STOCKHOLDERS AGREEMENT AND NO VOTE OF SUCH SHARES THAT CONTRAVENES SUCH STOCKHOLDERS AGREEMENT SHALL BE EFFECTIVE.

(c) All certificates representing Warrants will bear the following legend noted conspicuously on such certificates:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED SOLELY FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL FOR THE HOLDER REASONABLY SATISFACTORY TO THE COMPANY AS TO THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION AND THAT SUCH REGISTRATION IS NOT REQUIRED.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS SET FORTH IN A STOCKHOLDERS AGREEMENT. NO TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE SHALL BE EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS OF SUCH STOCKHOLDERS AGREEMENT HAVE BEEN COMPLIED WITH IN FULL AND NO PERSON MAY REQUEST THE COMPANY TO RECORD THE TRANSFER OF ANY SUCH SECURITIES IF SUCH TRANSFER IS IN VIOLATION OF SUCH STOCKHOLDERS AGREEMENT. THE SHARES TO BE ISSUED UPON EXERCISE OF THIS WARRANT ARE SUBJECT TO RESTRICTIONS ON VOTING PROVIDED FOR IN SUCH STOCKHOLDERS AGREEMENT AND NO VOTE OF SUCH SHARES THAT CONTRAVENES SUCH STOCKHOLDERS AGREEMENT SHALL BE EFFECTIVE. A COPY OF SUCH STOCKHOLDERS AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

(d) All certificates representing shares of Original Common Stock acquired by a Stockholder in the open market will bear the following legend noted conspicuously on such certificates:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON VOTING PROVIDED FOR IN A STOCKHOLDERS AGREEMENT AND NO VOTE OF SUCH SHARES THAT CONTRAVENES SUCH STOCKHOLDERS AGREEMENT SHALL BE EFFECTIVE. A COPY OF SUCH STOCKHOLDERS AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST OF THE RECORD HOLDER OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

(e) Until such time as a Subject Security held by a Stockholder has been registered pursuant to a registration statement under the Securities Act in accordance with the terms and provisions of the Registration Rights Agreement, the certificates representing such Subject Security (including all certificates issued upon Transfer or in exchange thereof or substitution therefor) will also bear any legend required under any other applicable laws, including state securities or blue sky laws.

(f) In the event a Stockholder and/or its Affiliates acquire beneficial ownership, directly or indirectly, of any other or additional securities of the Company, such Stockholder shall, and shall cause its Affiliate, if applicable, to, submit all certificates representing such securities to the Company so that the legend or legends required by this Section 4.5 may be placed thereon.

(g) The Company may make a notation on its records or give stop-transfer instructions to any transfer agents or registrars for the Subject Securities in order to implement the restrictions set forth in this Section 4.

SECTION 5

REGISTRATION RIGHTS; ADJUSTMENTS

5.1 Registration Rights. The Stockholders shall have such registration rights as are set forth in the Registration Rights Agreement.

5.2 Adjustments. If the Company at any time during the term of this Agreement subdivides its outstanding Original Common Stock or issues a stock dividend in Original Common Stock, the share amounts referred to in this Agreement shall be proportionately increased. If the Company at any time during the term of this Agreement combines its outstanding Original Common Stock, the share numbers referred to in this Agreement shall be proportionately decreased. Any adjustment made pursuant to this Section 5.2 shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

SECTION 6

REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS

Each Stockholder represents and warrants to the Company that as of the date hereof:

6.1 Organization. Such Stockholder is duly organized, validly existing and in good standing under the laws of the jurisdiction in which such Stockholder was incorporated or formed.

6.2 Corporate Power and Authority. Such Stockholder has all requisite corporate power and authority, or power under its constituent documents, to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance by such Stockholder of this Agreement have been duly authorized by all necessary corporate or similar action on the part of such Stockholder.

6.3 Binding Effect. This Agreement has been duly executed and delivered by such Stockholder and is a valid and binding agreement of such Stockholder, enforceable against such Stockholder in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally and by equitable principles to which the remedies of specific performance and injunctive and similar forms of relief are subject.

6.4 Ownership. Such Stockholder beneficially owns in the aggregate, directly or indirectly, the amount of securities of the Company set forth next to its name on the signature page hereto, the Stockholder has the sole right to vote such securities, as applicable, and, other than this Agreement, there are no restrictions on rights of disposition or Pledge, charge or other encumbrance or restriction pertaining to such securities. Except as provided herein, none of such securities is subject to any voting trust or other agreement, arrangement or restriction with respect to the voting of such securities, and no proxy, power of attorney or other authorization has been granted with respect to any of such securities. Such Stockholder is not a party to any option, warrant, purchase right, or other contract or commitment that could require such Stockholder to Transfer or otherwise dispose of any capital stock of the Company (other than this Agreement). Such Stockholder is not a party to any voting trust, proxy or other agreement or understanding with respect to Voting Securities of the Company (other than this Agreement).

6.5 Total Shares. The securities of the Company listed next to such Stockholder's name on the signature page hereto are the only securities of the Company beneficially owned in the aggregate, directly or indirectly, by such Stockholder, and, other than the Warrant, such Stockholder does not have any option to purchase or right to subscribe for or otherwise acquire any additional securities of the Company and has no other interest in or voting rights with respect to any other securities of the Company. No Wholly Owned Affiliate of such Stockholder beneficially owns any securities of the Company (other than a Wholly Owned Affiliate who is also a Party).

6.6 Finder's Fees. No investment banker, broker or finder is entitled to a commission or fee from such Stockholder in respect of this Agreement based upon any arrangement or agreement made by or on behalf of the Stockholder, except as otherwise provided in the Securities Purchase Agreement, if a party thereto.

6.7 Investment. Such Stockholder is acquiring the Subject Securities for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof in violation of applicable law, and has not offered or sold any portion of the Subject Securities to be acquired by it. Such Stockholder acknowledges and understands that investment in the Subject Securities is subject to a high degree of risk and that it must bear the economic risk of its investment for an indefinite period of time because the Subject Securities must be held indefinitely (i) until subsequently registered under the Securities Act and applicable state and other securities laws or (ii) unless an exemption from registration is available which depends upon, among other things, the bona fide nature of such Stockholder's investment intent and the accuracy of such Stockholder's representations as expressed herein. Such Stockholder understands that any transfer agent of the Company will issue stop transfer instructions with respect to the Subject Securities unless such Transfer is subsequently registered under the Securities Act and applicable state and other securities laws or unless an exemption from such registration is available. Such Stockholder was not organized for the purpose of acquiring the Subject Securities.

6.8 Investigation; No General Solicitation. Such Stockholder has received a copy of the Company SEC Reports. Such Stockholder has had a reasonable opportunity to ask questions relating to and otherwise discuss with the Company's management and other parties (i) the terms and conditions of the offering, (ii) the other information set forth in the Company SEC Reports and the Securities Purchase Agreement, if a party thereto, and (iii) this Agreement and the Company's business, management and financial affairs, and such Stockholder has received satisfactory responses to such Stockholder's inquiries. To the extent necessary, such Stockholder has retained, at the expense of such Stockholder, and relied upon appropriate professional advice regarding the investment, tax and legal merits and consequences of this Agreement, the Securities Purchase Agreement, if a party thereto, and its acquisition of Subject Securities. Such Stockholder has relied only on its own independent investigation and on the representations and warranties of the Company contained herein and in the Securities Purchase Agreement, if a party thereto, before deciding to acquire such Subject Securities.

6.9 Sophistication and Financial Condition of Stockholder. Such Stockholder is an experienced and sophisticated investor and has such knowledge and experience in financial and business matters or its professional advisors have such knowledge and experience in financial and business matters as are necessary to evaluate the merits and risks of an investment in the Subject Securities and to evaluate the merits and risks of its investment and protect its own interest in connection with the acquisition of a Subject Security. Such Stockholder is able to bear the economic risk of this investment regarding the Company, is able to hold the Subject Securities indefinitely and has a sufficient net worth to sustain a loss of its entire investment in the Company in the event such loss should occur.

6.10 Status of Subject Securities. Such Stockholder has been informed by the Company that the Subject Securities have not been and will not be registered under the Securities Act or under any state securities laws, including Section 25102(f) of the California Corporations Code, except as specifically provided in the Registration Rights Agreement, and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering. Such Stockholder acknowledges that any certificate representing Subject Securities will bear the legend or legends specified in Section 4.5.

6.11 Government Consent. Except as may be required under the HSR Act and such filings as may be required to be made with the SEC, or under state securities or blue sky laws, no consent, approval or authorization of or designation, declaration or filing with any governmental authority on the part of the Purchaser is required in connection with the valid execution and delivery of this Agreement or the acquisition of the Subject Securities.

SECTION 7

MISCELLANEOUS

7.1 Successors and Assigns. Except as may be expressly provided herein, this Agreement shall be binding upon and inure to the benefit of the successors of each of the Parties hereto. No Party may otherwise assign or delegate any of its rights or obligations under this Agreement by operation of law or otherwise (other than as a result of any merger or consolidation) without the prior written consent of the other Parties, which consent shall be in the sole and absolute discretion of such other Parties. Any purported assignment or delegation without such consent shall be void and ineffective.

7.2 Certain Events. Such Stockholder agrees that this Agreement and the obligations hereunder shall attach to the Subject Securities and shall be binding upon any person to which beneficial ownership, directly or indirectly, of such Subject Securities shall pass, whether by operation of law or otherwise.

7.3 Benefits of Agreement Restricted to Parties. This Agreement is made solely for the benefit of the Parties, and no other Person (including each Party's employees or stockholders) shall have any right, claim or cause of action under or by virtue of this Agreement.

7.4 Notices. All notices, requests and other communications (collectively, the "Notices") made pursuant to this Agreement shall be in writing and signed and correctly dated by the Party sending such Notice. All Notices shall be delivered personally (by courier or otherwise) or by facsimile to the receiving Party at the applicable address or facsimile number set forth below:

If to the Company:

Lyondell Chemical Company
1221 McKinney Street, Suite 700
Houston, Texas 77010
Attention: Gerald A. O'Brien
Telecopy Number: 713-309-7312

with a copy to:

Baker Botts L.L.P.
910 Louisiana Street
Houston, Texas 77002
Attention: Stephen A. Massad
Telecopy Number: 713-229-1522

and

Lyondell Chemical Company
1221 McKinney Street, Suite 700
Houston, Texas 77010
Attention: General Counsel
Telecopy Number: 713-652-4538

If to a Person who is a Stockholder on the date hereof:

Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024
Attention: General Counsel
Telecopy Number: 310-443-6195

Occidental Chemical Holding Corporation
505 LBJ Freeway
Dallas, Texas 75244
Attention: General Counsel
Telecopy Number: 972-404-4155

Any Notice delivered personally shall be deemed to have been given on the date it is so delivered, or upon attempted delivery if acceptance of delivery is refused, and any Notice delivered by facsimile shall be deemed to have been given on the first Business Day it is received by the addressee (or, if such Notice is not received during regular business hours of a Business Day, at the beginning of the next such Business Day). The address and facsimile numbers set forth above may be changed by a Party by giving Notice of such change of address or facsimile number in the manner set forth in this Section 7.4.

7.5 Severability. In the event that any provision of this Agreement shall finally be determined to be unlawful, such provision shall be deemed severed from this Agreement and every other provision of this Agreement shall remain in full force and effect. If the economic and legal substance of the rights and obligations of the Parties are affected in any materially adverse manner as to any of the Parties and the Parties cannot agree on a lawful substitute provision, the adversely affected Party shall have the right to terminate this Agreement immediately upon notice to the other Parties.

7.6 Construction. In construing this Agreement, the following principles shall be followed: (i) no consideration shall be given to the captions of the articles, sections, subsections or clauses, which are inserted for convenience in locating the provisions of this Agreement and not as an aid in construction; (ii) no consideration shall be given to the fact or presumption that any of the Parties had a greater or lesser hand in drafting this Agreement; (iii) the word "includes" and its syntactic variants mean "includes, but is not limited to" and corresponding syntactic variant expressions; (iv) the plural shall be deemed to include the singular, and vice versa; (v) references in this Agreement to Articles, Sections, Appendices and Exhibits shall be deemed to be references to Articles and Sections of, and Appendices and Exhibits to, this Agreement unless the context shall otherwise require; (vi) all Exhibits and Appendices attached to this Agreement shall be deemed incorporated herein as if set forth in full herein; (vii) the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (viii) references to a Person are also to its permitted successors and permitted assigns; and (ix) unless otherwise expressly provided, any agreement, instrument or statute defined or referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein.

7.7 Entire Agreement. This Agreement together with the Related Securities Agreements sets forth the entire agreement and understanding among the Parties as to the subject matter hereof and merges with and supercedes all prior discussions, agreements and understandings of every kind and nature among them.

7.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, and all of which when taken together shall constitute one and the same original document.

7.9 Governing Law. The laws of the State of Delaware shall govern the construction, interpretation and effect of this Agreement without giving effect to any conflicts of law principles.

7.10 Transaction Costs. Each Party shall be solely responsible

for and bear all of its own respective costs, fees and expenses.

7.11 Amendment. All waivers, modifications, amendments or alterations of this Agreement shall require the written approval of each of the Parties. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representations, warranties, covenants or agreements contained herein. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

7.12 Specific Performance. Each Party agrees that the other Parties would be irreparably damaged if for any reason such Party fails to perform any of such Party's obligations under this Agreement, and that the other Parties would not have an adequate remedy at law for money damages in such event. Accordingly, the other Parties shall be entitled to seek specific performance and injunctive and other equitable relief to enforce the performance of this Agreement by such Party. This provision is without prejudice to any other rights that the Parties may have against any other Party for any failure to perform its obligations under this Agreement.

7.13 Jurisdiction; Consent to Service of Process; Waiver. ANY JUDICIAL PROCEEDING BROUGHT AGAINST ANY PARTY OR ANY DISPUTE UNDER, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT IN THE FEDERAL OR STATE COURTS OF THE STATE OF DELAWARE, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES ACCEPTS THE EXCLUSIVE JURISDICTION OF SUCH COURTS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT (AS FINALLY ADJUDICATED) RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. EACH OF THE PARTIES SHALL APPOINT THE CORPORATION TRUST COMPANY, THE PRENTICE-HALL CORPORATION SYSTEM, INC. OR A SIMILAR ENTITY (THE "AGENT") AS AGENT TO RECEIVE ON ITS BEHALF SERVICE OF PROCESS IN ANY PROCEEDING IN ANY SUCH COURT IN THE STATE OF DELAWARE, AND EACH OF THE PARTIES SHALL MAINTAIN THE APPOINTMENT OF SUCH AGENT (OR A SUBSTITUTE AGENT) FROM THE DATE HEREOF UNTIL THE TERMINATION OF THIS AGREEMENT AND SATISFACTION OF ALL OBLIGATIONS HEREUNDER. THE FOREGOING CONSENTS TO JURISDICTION AND APPOINTMENTS OF AGENT TO RECEIVE SERVICE OF PROCESS SHALL NOT CONSTITUTE GENERAL CONSENTS TO SERVICE OF PROCESS IN THE STATE OF DELAWARE FOR ANY PURPOSE EXCEPT AS PROVIDED ABOVE AND SHALL NOT BE DEEMED TO CONFER RIGHTS ON ANY PERSON OTHER THAN THE PARTIES. EACH PARTY HEREBY WAIVES ANY OBJECTION IT MAY HAVE BASED ON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON-CONVENIENS.

7.14 Waiver of Jury Trial. EACH PARTY HEREBY KNOWINGLY AND INTENTIONALLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING UNDER, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

7.15 Further Assurances. From time to time, at the request of any other Party, each Party shall execute and deliver or cause to be executed and delivered such additional documents and instruments and take all such further action as may be necessary or desirable to consummate the transactions contemplated by this Agreement. When and if applicable, each Stockholder shall cooperate with the Company and timely comply with requests for information by the Company which the Company may be required to seek pursuant to Temporary Treasury Regulation Section 1.382-2T(k)(3).

7.16 Powers of Attorney. For the purpose of executing an Adoption Agreement, each Stockholder hereby appoints the Company as agent and attorney of such Stockholder to execute such Adoption Agreement on their behalf and expressly bind themselves to the Adoption Agreement by the Company's execution of that Adoption Agreement without further action on their part. On the execution of an Adoption Agreement by the Company and any Person, such Person shall be bound by, and shall have the benefit of, all the terms and conditions set out in this Agreement to the same extent as if such Person were a "Stockholder" as defined in this Agreement.

IN WITNESS WHEREOF, this Stockholders Agreement has been executed on behalf of each of the Parties by their respective officers thereunto duly authorized, effective as of the date first written above.

LYONDELL CHEMICAL COMPANY

By: /s/ T. KEVIN DENICOLA

Name: T. Kevin DeNicola
Title: Senior Vice President and
Chief Financial Officer

STOCKHOLDERS

Shares and Warrants Beneficially Owned
at Time of Execution

STOCKHOLDER	ORIGINAL COMMON STOCK	SERIES B COMMON STOCK	WARRANTS
	(Includes Subject Shares and shares acquired in the open market)		
Occidental Chemical Holding Corporation			
By: /s/ J. R. HAVERT	--	34 million	5 million
Name: J. R. Havert			
Title: Vice President and Treasurer			
Occidental Petroleum Corporation*			
By: /s/ J. R. HAVERT	--	--	--
Name: J. R. Havert			
Title: Vice President and Treasurer			

*Note: Amounts listed do not include those shares and warrants beneficially owned by OCHC.

APPENDIX A
TO
STOCKHOLDERS AGREEMENT

DEFINITIONS

"Affiliate" shall mean any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified; provided, however, that for purposes of this Agreement neither the Partnership nor any entity controlled by it shall be considered an Affiliate of the Company or of the Purchaser. For purposes of this definition, the term "control" shall have the meaning set forth in 17 CFR 230.405 as in effect on the date hereof.

"Agreement" shall mean this Stockholders Agreement entered into among the Parties as of the date hereof.

"Amended and Restated Certificate" shall mean the Amended and Restated Certificate of Incorporation of Lyondell Chemical Company that was filed with the Secretary of State of the State of Delaware on August 21, 2002.

"Approved Lender" shall have the meaning set forth in Section 4.1(d).

A Person shall be deemed to "beneficially own," or to have "beneficial ownership" of, any securities of the Company (which securities shall also be deemed "beneficially owned" by such Person) that such Person is deemed to "beneficially own" within the meaning of Rule 13d-3 under the Exchange Act.

"Board of Directors" shall mean the Board of Directors of the Company and any duly authorized committee thereof.

"Business Day" shall mean any day on which the New York Stock Exchange, Inc. is open for trading.

"Calendar Quarter" shall mean any of the following periods or any portion thereof: (i) January 1 through March 31; (ii) April 1 through June 31; (iii) July 1 through September 30; or (iv) October 1 through December 31.

"Change of Control" shall mean, as to any Party, the occurrence of any of the following events: (a) there shall be consummated any consolidation, merger or share exchange of such Party; (b) substantially all of such Party's properties or assets are sold or otherwise disposed of to any Person or group of Persons in any one transaction or a series of related transactions; or (c) any Transfer of the Voting Securities of such Party.

"Common Stock" shall mean the Original Common Stock and the Series B Common Stock.

"Combined Voting Power" shall mean the aggregate votes entitled to be cast generally in the election of the board of directors, or similar managing group, of a corporation or other entity by holders of then outstanding Voting Securities of such corporation or other entity.

"Company" shall mean Lyondell Chemical Company, a Delaware corporation, or any Surviving Entity.

"Company SEC Reports" shall mean the forms, reports and documents required to be filed by the Company with the SEC since December 31, 2001.

"Contingent Shares" shall mean the shares of Original Common Stock or Series B Common Stock that are issued to satisfy the Company's obligation to pay a Contingent Payment Amount (as defined in the Securities Purchase Agreement).

"Contingent Shares (Original)" shall mean the Contingent Shares that are shares of Original Common Stock.

"Continuing Directors" shall mean, as of any date of determination, any member of the Board of Directors who (i) was a member of the Board of Directors on the date of this Agreement or (ii) was nominated for election to the Board of Directors with the affirmative vote of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, or was elected or appointed by the affirmative vote of a majority of such Continuing Directors.

"Conversion Shares" shall mean any share of Original Common Stock issued upon conversion of a share of Series B Common Stock in accordance with the terms of the Series B Common Stock.

"Exchange Act" shall mean the Securities and Exchange Act of 1934.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Initial Shares" shall mean the shares of Series B Common Stock issued pursuant to Section 1.1 of the Securities Purchase Agreement.

"Net Payment Shares" shall mean the shares of Original Common Stock or Series B Common Stock that are issued by the Company upon exercise of a Warrant in accordance with Section 2(b) of the Warrant.

"Net Payment Shares (Original)" shall mean the Net Payment Shares that are shares of Original Common Stock.

"Notice" has the meaning set forth in Section 7.4.

"Occidental" shall mean Occidental Petroleum Corporation, a Delaware corporation.

"OCHC" shall mean Occidental Chemical Holding Corporation, a California corporation.

"Original Common Stock" shall mean all common stock, par value \$1.00 per share, of the Company that is not Series B Common Stock.

"Partner Sub Purchase Agreement" shall mean that certain Occidental Partner Sub Purchase Agreement dated July 8, 2002 among the Company, OCHC, Occidental Chemical Corporation and Oxy CH Corporation.

"Party" shall mean the Company and the Stockholders.

"Person" shall mean any individual, group, corporation, firm, partnership, joint venture, trust, business association, organization, governmental entity or other entity.

"PIK Shares" shall mean any shares of Series B Common Stock issued at the option of the Company, in lieu of a cash dividend otherwise required to be paid, under the terms of the Series B Common Stock.

"Pledge" has the meaning set forth in Section 4.1(d).

"QIB" shall mean a "Qualified Institutional Buyer" as defined in Rule 144A of the Securities Act.

"Registered Public Offering" has the meaning set forth in Section 4.1(b)(i).

"Registration Rights Agreement" shall mean the Registration Rights Agreement dated the date hereof among the Company and OCHC.

"Related Securities Agreements" shall mean the Securities Purchase Agreement, the Registration Rights Agreement and the Warrant.

"Restructuring Transaction" shall mean any merger, consolidation or recapitalization of the Company (or, if the capital stock of the Company is affected, any Subsidiary of the Company), or any sale, lease, or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Securities Purchase Agreement" has the meaning set forth in the Recitals to this Agreement.

"Series B Common Stock" shall mean the shares of Series B Common Stock, par value \$1.00 per share, of the Company.

"Stockholder" shall mean (i) Occidental and OCHC, (ii) all Persons to whom Subject Securities are Transferred that are required by the terms of this Agreement to execute an adoption agreement and (iii) all Persons to whom Subject Securities are Pledged that are required by the terms of this Agreement to become a party to this Agreement, and, in each case, their respective successors, permitted assigns, heirs, executors, trustees and administrators.

"Subject Shares" shall mean the Initial Shares, Net Payment Shares, Warrant Shares, PIK Shares, Contingent Shares and Conversion Shares, each until sold pursuant to an effective registration statement or under Rule 144 of the Securities Act.

"Subject Securities" shall mean the Subject Shares and the Warrants.

"Subsidiary" shall mean, with respect to any Party, any Person of which such Party, either directly or indirectly, owns 50% or more of the equity or voting interests.

"Surviving Entity" shall mean an ultimate parent corporation or other entity with a class of equity securities registered under Section 12 of the Exchange Act and resulting from any Restructuring Transaction of the Company where (x) the stockholders of the Company immediately prior to such Restructuring Transaction beneficially own, immediately after such Restructuring Transaction, directly or indirectly, shares or other ownership interests representing in the aggregate more than 50% of (a) the then outstanding common stock or other equity interests of the such Surviving Entity and (b) the Combined Voting Power of the then outstanding Voting Securities of the Surviving Entity or (y) the Continuing Directors at the time of the initial approval of such Restructuring Transaction by the board of directors would immediately after such Restructuring Transaction constitute a majority of the Board of Directors, or similar managing group, of the Surviving Entity.

"Termination Date" has the meaning set forth in Section 1.1.

"Transfer" shall mean, with respect to any Subject Security, to directly or indirectly (whether or not through an underwriter), offer, sell, convey, distribute, transfer (by merger or otherwise), assign, devise, exchange, encumber, gift, pledge, grant any option with respect to, hypothecate or otherwise dispose of such Subject Security, or enter into any agreement, arrangement or understanding with respect to the foregoing. Notwithstanding the foregoing, as used herein, a "Transfer" shall not include any Transfer that occurs by virtue of a Change of Control of Occidental.

"Voting Securities" shall mean all securities of a corporation or other entity having the right to vote in an election of the board of directors, or similar managing group, of such corporation or other entity, whether at all times or only so long as no senior class of securities of such corporation or other entity has such voting power by reason of any contingency.

"Warrant" shall mean the Warrants to purchase Original Common Stock of the Company issued pursuant to the Securities Purchase Agreement.

"Warrant Shares" shall mean the shares of Original Common Stock of the Company issued upon exercise of the Warrant.

"Wholly Owned Affiliate," with respect to any Party, shall mean any Affiliate of such Party that is wholly owned, directly or indirectly, by such Party's ultimate parent entity.