SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number 1-9210

OCCIDENTAL PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| DELAWARE | 95-4035997 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| 10889 WILSHIRE BOULEVARD<br>LOS ANGELES, CALIFORNIA | 90024 |
| (Address of principal executive offices) | (Zip Code) |

(310) 208-8800
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding at September 30, 1999 |
|---|---|
| Common stock $.20 par value | 367,577,893 shares |

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
SEPTEMBER 30, 1999 AND DECEMBER 31, 1998
(Amounts in millions)

| | 1999 | 1998 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 151 | $ 96 |
| Receivables, net | 674 | 531 |
| Inventories | 498 | 500 |
| Prepaid expenses, note receivable and other | 168 | 1,668 |
| Total current assets | 1,491 | 2,795 |
| LONG-TERM RECEIVABLES, net | 149 | 121 |
| EQUITY INVESTMENTS | 1,780 | 1,959 |
| PROPERTY, PLANT AND EQUIPMENT, at cost, net of accumulated depreciation, depletion and amortization of $7,496 at September 30, 1999 and $6,774 at December 31, 1998 | 10,228 | 9,905 |
| OTHER ASSETS | 487 | 472 |
| | $ 14,135 | $ 15,252 |

The accompanying notes are an integral part of these financial statements.

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
SEPTEMBER 30, 1999 and December 31, 1998
(Amounts in millions)

| | 1999 | 1998 |
|---|---|---|
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Current maturities of long-term debt and capital lease liabilities | $ 5 | $ 1,400 |
| Notes payable | 27 | 30 |
| Accounts payable | 619 | 613 |
| Accrued liabilities | 884 | 865 |
| Domestic and foreign income taxes | 42 | 23 |
| Total current liabilities | 1,577 | 2,931 |
| LONG-TERM DEBT, net of current maturities and unamortized discount | 5,144 | 5,367 |
| DEFERRED CREDITS AND OTHER LIABILITIES | | |
| Deferred and other domestic and foreign income taxes | 967 | 825 |
| Obligation under natural gas delivery commitment | 435 | 503 |
| Other | 2,042 | 2,258 |
| | 3,444 | 3,586 |
| MINORITY EQUITY IN SUBSIDIARIES AND PARTNERSHIPS | 245 | 5 |
| OCCIDENTAL OBLIGATED MANDATORILY REDEEMABLE TRUST PREFERRED SECURITIES OF A SUBSIDIARY TRUST HOLDING SOLELY SUBORDINATED NOTES OF OCCIDENTAL | 509 | -- |
| STOCKHOLDERS' EQUITY | | |
| Nonredeemable preferred stock, stated at liquidation value | -- | 243 |
| Common stock, at par value | 73 | 69 |
| Additional paid-in capital | 3,869 | 3,814 |
| Retained earnings (deficit) | (669) | (734) |
| Accumulated other comprehensive income | (57) | (29) |
| | 3,216 | 3,363 |
| | $ 14,135 | $ 15,252 |

The accompanying notes are an integral part of these financial statements.

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998
(Amounts in millions, except per-share amounts)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| REVENUES | | | | |
| Net sales | | | | |
| Oil and gas operations | $ 1,265 | $ 1,030 | $ 2,955 | $ 2,509 |
| Chemical operations | 848 | 631 | 2,149 | 2,395 |
| | 2,113 | 1,661 | 5,104 | 4,904 |
| Interest, dividends and other income | 32 | 39 | 118 | 189 |
| Gains (losses) on disposition of assets, net | 7 | 133 | (11) | 544 |
| Income from equity investments | 27 | 2 | 34 | 10 |
| | 2,179 | 1,835 | 5,245 | 5,647 |
| COSTS AND OTHER DEDUCTIONS | | | | |
| Cost of sales | 1,600 | 1,373 | 3,967 | 3,838 |
| Selling, general and administrative and other operating expenses | 168 | 181 | 488 | 572 |
| Minority interest | 16 | -- | 36 | -- |
| Exploration expense | 11 | 27 | 63 | 79 |
| Interest and debt expense, net | 125 | 136 | 380 | 412 |
| | 1,920 | 1,717 | 4,934 | 4,901 |
| Income from continuing operations before taxes | 259 | 118 | 311 | 746 |
| Provision for domestic and foreign income and other taxes | 133 | 80 | 230 | 383 |
| Income from continuing operations | 126 | 38 | 81 | 363 |
| Discontinued operations, net | -- | -- | -- | 38 |
| Extraordinary loss, net | -- | -- | (3) | -- |
| Cumulative effect of changes in accounting principles, net | -- | -- | (13) | -- |
| NET INCOME | 126 | 38 | 65 | 401 |
| Preferred dividends | -- | (4) | (7) | (13) |
| EARNINGS APPLICABLE TO COMMON STOCK | $ 126 | $ 34 | $ 58 | $ 388 |
| BASIC EARNINGS PER COMMON SHARE | | | | |
| Income from continuing operations | $ .35 | $ .10 | $ .22 | $ 1.00 |
| Discontinued operations, net | -- | -- | -- | .11 |
| Extraordinary loss, net | -- | -- | (.01) | -- |
| Cumulative effect of changes in accounting principles, net | -- | -- | (.04) | -- |
| Basic earnings per common share | $ .35 | $ .10 | $ .17 | $ 1.11 |
| DILUTED EARNINGS PER COMMON SHARE | | | | |
| Income from continuing operations | $ .35 | $ .10 | $ .22 | $ .99 |
| Discontinued operations, net | -- | -- | -- | .10 |
| Extraordinary loss, net | -- | -- | (.01) | -- |
| Cumulative effect of changes in accounting principles, net | -- | -- | (.04) | -- |
| Diluted earnings per common share | $ .35 | $ .10 | $ .17 | $ 1.09 |
| DIVIDENDS PER COMMON SHARE | $ .25 | $ .25 | $ .75 | $ .75 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 357.6 | 350.0 | 351.3 | 351.2 |

The accompanying notes are an integral part of these financial statements.

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998
(Amounts in millions)

| | 1999 | 1998 |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net income from continuing operations | $ 81 | $ 363 |
| Adjustments to reconcile income to net cash provided (used) by operating activities: | | |
| Depreciation, depletion and amortization of assets | 598 | 653 |
| Deferred income tax provision | 53 | 319 |
| Other noncash charges to income | 12 | 41 |
| (Gains) losses on disposition of assets, net | 11 | (544) |
| Income from equity investments | (34) | (10) |
| Exploration expense | 63 | 79 |
| Changes in operating assets and liabilities | (131) | (596) |
| Other operating, net | (144) | (227) |
| | 509 | 78 |
| Operating cash flow from discontinued operations | -- | (244) |
| Net cash provided (used) by operating activities | 509 | (166) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditures | (383) | (840) |
| Sale of businesses and disposal of property, plant and equipment, net | 39 | 3,326 |
| Collection of note receivable | 1,395 | -- |
| Purchase of businesses, net | (127) | (3,528) |
| Buyout of operating leases | (17) | -- |
| Other investing, net | 96 | 48 |
| | 1,003 | (994) |
| Investing cash flow from discontinued operations | -- | (5) |
| Net cash provided (used) by investing activities | 1,003 | (999) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term debt | 792 | 913 |
| Net proceeds from (payments on) commercial paper and revolving credit agreements | (2,050) | 1,775 |
| Proceeds from issuance of trust preferred securities | 508 | -- |
| Payments on long-term debt and capital lease liabilities | (459) | (313) |
| Proceeds from issuance of common stock | 17 | 22 |
| Repurchase of common stock | -- | (937) |
| Proceeds (payments) of notes payable | 7 | (5) |
| Cash dividends paid | (272) | (296) |
| Other financing, net | -- | 11 |
| Net cash provided (used) by financing activities | (1,457) | 1,170 |
| Increase in cash and cash equivalents | 55 | 5 |
| Cash and cash equivalents--beginning of period | 96 | 113 |
| Cash and cash equivalents--end of period | $ 151 | $ 118 |

The accompanying notes are an integral part of these financial statements.

September 30, 1999

## 1. General

The accompanying unaudited consolidated condensed financial statements have been prepared by Occidental Petroleum Corporation (Occidental) pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in notes to consolidated financial statements have been condensed or omitted pursuant to such rules and regulations, but resultant disclosures are in accordance with generally accepted accounting principles as they apply to interim reporting. The consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in Occidental's Annual Report on Form 10-K for the year ended December 31, 1998 (1998 Form 10-K).

In the opinion of Occidental's management, the accompanying consolidated condensed financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly Occidental's consolidated financial position as of September 30, 1999 and the consolidated results of operations for the three and nine months then ended and the consolidated cash flows for the nine months then ended. The results of operations and cash flows for the periods ended September 30, 1999 are not necessarily indicative of the results of operations or cash flows to be expected for the full year.

Certain financial statements and notes for the prior year have been changed to conform to the 1999 presentation.

Reference is made to Note 1 to the consolidated financial statements in the 1998 Form 10-K for a summary of significant accounting policies.

## 2. Extraordinary Loss and Changes in Accounting Principles

On June 1, 1999 Occidental called for redemption $68.7 million of its 11 1/8 percent senior debentures due June 1, 2019, at a redemption price of 105.563 percent of the principal amount thereof. Occidental recorded an after-tax extraordinary loss of $3 million in the second quarter of 1999 related to the redemption.

Effective January 1, 1999, Occidental adopted the provisions of Statement of Position 98-5--"Reporting on the Costs of Start-Up Activities" (SOP 98-5), which requires that costs of start-up activities, including organizational costs, be expensed as incurred. The initial application of the statement resulted in a charge to income for costs of previously capitalized start-up activities that have not yet been fully amortized. The initial adoption of SOP 98-5 resulted in a first quarter noncash after-tax charge of $15 million, net of $8 million in taxes, which has been recorded as a cumulative effect of a change in accounting principle.

Effective January 1, 1999, Occidental adopted the provisions of Emerging Issues Task Force (EITF) issue No. 98-10--"Accounting for Contracts Involved in Energy Trading and Risk Management Activities," which establishes accounting and reporting standards for certain energy trading contracts. EITF No. 98-10 requires that energy trading contracts must be marked-to-market with gains and losses included in earnings and separately disclosed in the financial statements or footnotes thereto. The initial adoption of EITF No. 98-10 resulted in a first quarter noncash after-tax benefit of $2 million, recorded as a cumulative effect of a change in accounting principle.

3. Comprehensive Income

Occidental's comprehensive income is composed primarily of net income, foreign currency translation adjustments and minimum pension liability adjustments. Occidental's comprehensive income was $37 million and $383 million for the nine months ended September 30, 1999 and 1998, respectively, and $124 million and $27 million for the third quarter of 1999 and 1998, respectively.

The following table presents Occidental's comprehensive income items (in millions):

| | Periods Ended September 30 | | | |
|---|---|---|---|---|
| | Three Months | | Nine Months | |
| | 1999 | 1998 | 1999 | 1998 |
| Net income | $ 126 | $ 38 | $ 65 | $ 401 |
| Other comprehensive income items | | | | |
| Foreign currency translation adjustments | (2) | (8) | (29) | (13) |
| Minimum pension liability adjustments | -- | (1) | -- | -- |
| Other | -- | (2) | 1 | (5) |
| Other comprehensive income, net of tax | (2) | (11) | (28) | (18) |
| Comprehensive income | $ 124 | $ 27 | $ 37 | $ 383 |

4. Asset Acquisitions and Dispositions

As previously disclosed, in April 1996, Occidental acquired a 64 percent interest in INDSPEC Holding Corporation (INDSPEC), a leading manufacturer of resorcinol, a bonding agent principally used in tires, with other flame retardant applications. In the third quarter of 1999, pursuant to a series of transactions, Occidental indirectly acquired the minority ownership of INDSPEC through the issuance of approximately 3.2 million shares of Occidental common stock at an estimated value of approximately $68 million and the assumption of approximately $80 million of bank debt. As a result of the transactions, Occidental owns 100 percent of the stock of INDSPEC.

In the third quarter of 1999, Occidental acquired Unocal International Corporation's (Unocal) oil and gas interests in Yemen and Unocal acquired Occidental's gas interests in Bangladesh. Although the transactions closed early in the third quarter of 1999, the second quarter included the results of the transaction which, after tax credits, did not have a significant impact on earnings.

Effective April 30, 1999, Occidental and The Geon Company (Geon) formed two partnerships. Occidental has a 76 percent controlling interest in a polyvinyl chloride (PVC) resin partnership, which is the larger of the partnerships, and a 10 percent interest in a PVC powder compounding partnership. The PVC resin partnership has also entered into long-term agreements to supply PVC resin to Geon and vinyl chloride monomer (VCM) to both Occidental and Geon. In addition, as part of the transaction, Occidental sold its pellet compounding plant in Pasadena, Texas and its vinyl film assets in Burlington, New Jersey to Geon. As part of the transaction, Geon realized approximately $104 million through the retention of working capital and the distribution of cash from the PVC resin partnership and the PVC resin partnership undertook approximately $180 million in operating lease obligations of Geon for certain plant facilities. Occidental did not record a significant gain or loss on the transaction. Minority equity in subsidiaries and partnerships at September 30, 1999 includes Geon's minority interest in the PVC resin partnership.

In May 1998, Occidental contributed its ethylene, propylene, ethylene oxide (EO), ethylene glycol and EO derivatives businesses to a petrochemicals and polymers partnership called Equistar Chemicals, LP (Equistar), in return for a 29.5 percent equity interest in the partnership, receipt of approximately $420 million in cash and the assumption by Equistar of approximately $205 million of Occidental capital lease liabilities. Occidental did not record a gain or loss on the transaction.

In February 1998, Occidental acquired the U.S. government's approximate 78 percent interest in the Elk Hills Naval Petroleum Reserve oil and gas fields for approximately $3.5 billion.

In the first, second and third quarters of 1998, Occidental sold certain nonstrategic oil and gas properties for aggregate net proceeds of approximately $1.1 billion. These sales resulted in net pretax gains of approximately $532 million, of which $137 million was recorded in the third quarter of 1998.

In January 1998, Occidental completed the sale of MidCon, its natural gas transmission and marketing business. In the fourth quarter of 1997, Occidental announced its intention to sell MidCon and classified MidCon and its subsidiaries as a discontinued operation.

5. Supplemental Cash Flow Information

Cash payments during the nine months ended September 30, 1999 and 1998 included federal, foreign and state income taxes of approximately $65 million and $198 million, respectively. Interest paid (net of interest capitalized) totaled approximately $336 million and $358 million for the nine months ended September 30, 1999 and 1998, respectively.

6. Cash and Cash Equivalents

Cash equivalents consist of highly liquid money-market mutual funds and bank deposits with maturities of three months or less when purchased. Cash equivalents totaled $109 million and $58 million at September 30, 1999 and December 31, 1998, respectively.

7. Inventories

A portion of inventories is valued under the LIFO method. The valuation of LIFO inventory for interim periods is based on management's estimates of year-end inventory levels and costs. Inventories consist of the following (in millions):

| Balance at | September 30, 1999 | December 31, 1998 |
|---|---|---|
| Raw materials | $ 56 | $ 38 |
| Materials and supplies | 175 | 184 |
| Work in process | 8 | 5 |
| Finished goods | 249 | 278 |
| | 488 | 505 |
| LIFO adjustment | 10 | (5) |
| Total | $ 498 | $ 500 |

8. Property, Plant and Equipment

Reference is made to the consolidated balance sheets and Note 1 thereto in the 1998 Form 10-K for a description of investments in property, plant and equipment.

9. Trust Preferred Securities

In January 1999, Oxy Capital Trust I, a wholly-owned subsidiary of Occidental, issued 21,000,000 shares of 8.16 percent Trust Originated Preferred Securities (Preferred Securities) to the public and 649,485 shares of Trust Originated Common Securities (Common Securities) to Occidental. The proceeds of such issuances were invested by Oxy Capital Trust I in $541.2 million aggregate principal amount of Occidental's 8.16 percent Subordinated Deferrable Interest Notes due 2039 (Trust Subordinated Notes). The Trust Subordinated Notes represent the sole assets of Oxy Capital Trust I. The Trust Subordinated Notes are unsecured obligations of Occidental and are junior in right of payment to all present and future senior indebtedness of Occidental and are also effectively subordinate to certain indebtedness of Occidental's consolidated subsidiaries.

Occidental has guaranteed, on a subordinated basis, distributions and other payments due on the Preferred Securities (the Guarantee). The Guarantee, when taken together with Occidental's obligations under the Trust Subordinated Notes and the indenture pursuant to which the Trust Subordinated Notes were issued and Occidental's obligations under the Amended and Restated Declaration of Trust governing Oxy Capital Trust I, provides a full and unconditional guarantee of amounts due on the Preferred Securities.

The Trust Subordinated Notes and the related Oxy Capital Trust I investment in the Trust Subordinated Notes have been eliminated in consolidation and the Preferred Securities are reported as Occidental Obligated Mandatorily Redeemable Trust Preferred Securities of a Subsidiary Trust Holding Solely Subordinated Notes of Occidental in the accompanying consolidated condensed financial statements. Distributions on the Preferred Securities are reported under the caption minority interest, in the statements of operations. Total net proceeds to Occidental were $508 million. The balance reflected in the accompanying consolidated condensed financial statements at September 30, 1999 is net of issue costs and totals $509 million which reflects amortization of a portion of the issue costs.

10. Retirement Plans and Postretirement Benefits

Reference is made to Note 14 to the consolidated financial statements in the 1998 Form 10-K for a description of the retirement plans and postretirement benefits of Occidental and its subsidiaries.

11. Lawsuits, Claims, Commitments, Contingencies and Related Matters

Occidental and certain of its subsidiaries have been named as defendants or as potentially responsible parties in a substantial number of lawsuits, claims and proceedings, including governmental proceedings under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and corresponding state acts. These governmental proceedings seek funding, remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties, aggregating substantial amounts. Occidental is usually one of many companies in these proceedings, and has to date been successful in sharing response costs with other financially sound companies. Occidental has accrued reserves at the most likely cost to be incurred in those proceedings where it is probable that Occidental will incur remediation costs which can be reasonably estimated.

In December 1998, David Croucher and others filed an action in the Federal District Court in Houston, Texas on behalf of persons claiming to have been beneficiaries of the MidCon Employee Stock Ownership Plan (ESOP). The plaintiffs allege that each of the U.S. Trust Company of California (the ESOP Trustee) and the MidCon ESOP Administrative Committee breached its fiduciary duty to the plaintiffs by failing to properly value the securities held by the ESOP, and allege that Occidental actively participated in such conduct. The plaintiffs claim that, as a result of this alleged breach, the ESOP participants are entitled to an additional aggregate distribution of at least $200 million and that Occidental has been unjustly enriched and is liable for failing to make that distribution. Based on the joint motion of the parties, in July 1999, the Court entered an order certifying the case as a class action.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions.

Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities.

It is impossible at this time to determine the ultimate liabilities that Occidental and its subsidiaries may incur resulting from the foregoing lawsuits, claims and proceedings, audits, commitments, contingencies and related matters. Several of these matters may involve substantial amounts, and if these were to be ultimately resolved unfavorably to the full amount of their maximum potential exposure, an event not currently anticipated, it is possible that such event could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, in management's opinion, after taking into account reserves, it is unlikely that any of the foregoing matters will have a material adverse effect upon Occidental's consolidated financial position or results of operations.

Reference is made to Note 10 to the consolidated financial statements in the 1998 Form 10-K for information concerning Occidental's long-term purchase obligations for certain products and services.

## 12. Income Taxes

The provision for taxes based on income for the 1999 and 1998 interim periods was computed in accordance with Interpretation No. 18 of APB Opinion No. 28 on reporting taxes for interim periods and was based on projections of total year pretax income.

At December 31, 1998, Occidental had, for U.S. federal income tax return purposes, an alternative minimum tax credit carryforward of $85 million available to reduce future income taxes. The alternative minimum tax credit carryforward does not expire.

## 13. Investments

Investments in entities, other than oil and gas exploration and production companies, in which Occidental has a voting stock interest of at least 20 percent, but not more than 50 percent, and certain partnerships are accounted for on the equity method. At September 30, 1999, Occidental's equity investments consisted primarily of a 29.5 percent interest in Equistar acquired in May 1998, an investment of approximately 29 percent in the common shares of Canadian Occidental Petroleum Ltd. and interests in various chemical partnerships and joint ventures. The following table presents Occidental's proportionate interest in the summarized financial information of its equity method investments (in millions):

| | Periods Ended September 30 | | | |
|---|---|---|---|---|
| | Three Months | | Nine Months | |
| | 1999 | 1998 | 1999 | 1998 |
| Revenues | $ 646 | $ 522 | $ 1,698 | $ 1,128 |
| Costs and expenses | 619 | 520 | 1,664 | 1,118 |
| Net income | $ 27 | $ 2 | $ 34 | $ 10 |

14. Industry Segments

The following table presents Occidental's interim industry segment disclosures (in millions):

| | Oil and Gas | Chemical | Corporate | Total |
|---|---|---|---|---|
| Nine months ended September 30, 1999 | | | | |
| Net sales | $ 2,955 | $ 2,149 | $ -- | $ 5,104 |
| Pretax operating profit (loss) | $ 709 | $ 85 | $ (483)(a) | $ 311 |
| Income taxes | (202) | (7) | (21)(b) | (230) |
| Extraordinary loss, net | -- | -- | (3) | (3) |
| Cumulative effect of changes in accounting principles, net | -- | -- | (13) | (13) |
| Net income (loss) | $ 507 | $ 78 | $ (520) | $ 65 |
| Nine months ended September 30, 1998 | | | | |
| Net sales | $ 2,509 | $ 2,395 | $ -- | $ 4,904 |
| Pretax operating profit (loss) | $ 890 (c) | $ 278 (d) | $ (422)(a) | $ 746 |
| Income taxes | (122) | 2 | (263)(b) | (383) |
| Discontinued operations, net | -- | -- | 38 | 38 |
| Net income (loss) | $ 768 | $ 280 | $ (647) | $ 401 |

(a) Includes unallocated net interest expense, administration expense and other items.
(b) Includes unallocated income taxes.
(c) Includes net pretax gains of approximately $532 million related to the sale of certain nonstrategic assets and other charges of $42 million.
(d) Includes a $30 million pretax charge for reorganization and other costs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Occidental's net income for the first nine months of 1999 was $65 million, on net sales of $5.1 billion, compared with net income of $401 million, on net sales of $4.9 billion, for the same period of 1998. Occidental's net income for the third quarter of 1999 was $126 million, on net sales of $2.1 billion, compared with net income of $38 million, on net sales of $1.7 billion, for the same period of 1998. Basic earnings per common share were $.17 for the first nine months of 1999, compared with earnings per share of $1.11 for the same period of 1998. Basic earnings per common share were $.35 for the third quarter of 1999, compared with earnings per share of $.10 for the same period of 1998.

The 1999 third quarter earnings included a charge of $10 million for the recently announced closing of the oil and gas offices in Bakersfield, California and income of $11 million related to a contingent payment on the 1998 sale of Occidental's interests in the Netherlands. The 1999 results also included a second quarter gain of $12 million related to the sale of a chemical plant by an equity affiliate and an after-tax extraordinary loss of $3 million related to the early extinguishment of debt in the second quarter. Results before special items were earnings of $125 million and $61 million for the three and nine months ended September 30, 1999, respectively, compared with earnings of $3 million and $139 million for the same periods in 1998, respectively. The increase in earnings before special items for the third quarter of 1999, compared with the same period in 1998, primarily reflected higher worldwide crude oil prices and lower operating and exploration costs offset, in part, by lower chemical earnings due to higher raw material costs and the impact of lower caustic soda prices.

The decrease in earnings before special items for the nine months ended September 30, 1999, compared with the same period in 1998, was primarily due to lower chemical earnings, mainly as a result of lower chlorine and caustic soda prices, offset in part, by higher oil and gas earnings which reflected higher worldwide crude oil prices. The 1998 earnings for the first nine months included net pretax gains of approximately $532 million from the sale of certain nonstrategic oil and gas properties, of which $137 million was recorded in the third quarter. The 1998 earnings also included $30 million for reorganization and other charges in the chemical division in the second quarter and an after-tax benefit of $38 million to reflect the closing of the sale of MidCon Corp. (MidCon), the natural gas transmission and marketing subsidiary, and the finalization of the discontinued operations reserve in the first quarter.

The increase in net sales for the three months ended September 30, 1999, compared with the same period in 1998, primarily reflected higher worldwide crude oil prices in the oil and gas division and revenues related to a new polyvinyl chloride (PVC) resin partnership partially offset by lower prices for caustic soda in the chemical division. The increase in net sales for the nine months ended September 30, 1999, compared with the same period in 1998, primarily reflected higher worldwide crude oil prices in the oil and gas division, and the inclusion of revenues related to the PVC resin partnership, partially offset by lower prices for chlorine and caustic soda and the absence of revenues related to the petrochemical assets contributed to Equistar Chemicals, LP (Equistar) petrochemicals and polymers partnership in May 1998 in the chemical division.

Interest, dividends and other income for the three and nine months ended September 30, 1998 included interest earned on a $1.4 billion note receivable (the $1.4 billion note receivable). This note was received in exchange for a note previously issued to Occidental by the MidCon Corp. ESOP Trust. Gains on disposition of assets in 1998, included the sales of certain nonstrategic oil and gas properties. The loss on disposition of assets for the nine months ended September 30, 1999 included the effects of the acquisition by Occidental of Unocal International Corporation's (Unocal) oil and gas interests in Yemen and Unocal's acquisition of Occidental's gas interests in Bangladesh which, after tax credits, did not have a significant impact on earnings. The impact was recorded in the second quarter and the transactions closed early in the third quarter of 1999. The increase in income from equity investments for the three and nine months ended September 30, 1999, compared with the same periods in 1998 reflected the impact of higher worldwide crude oil prices and improved export prices for vinyl chloride monomer (VCM). Income from equity investments in 1999 also included the second quarter gain of $12 million related to the sale of a chemical plant by Equistar. Selling, general and administrative and other operating expenses decreased for the three and nine months ended September 30, 1999, compared with the same periods in 1998, reflecting ongoing cost reduction programs. Minority interest includes $30 million of distributions on the $525 million of 8.16 percent Trust Preferred Securities (Trust Preferred Securities) issued in January 1999 and the minority interest in the net income of subsidiaries and partnerships.

The following table sets forth the sales and earnings of each operating division and corporate items (in millions):

| | Periods Ended September 30 | | | |
|---|---|---|---|---|
| | Three Months | | Nine Months | |
| | 1999 | 1998 | 1999 | 1998 |
| DIVISIONAL NET SALES | | | | |
| Oil and Gas | $ 1,265 | $ 1,030 | $ 2,955 | $ 2,509 |
| Chemical | 848 | 631 | 2,149 | 2,395 |
| NET SALES | $ 2,113 | $ 1,661 | $ 5,104 | $ 4,904 |
| DIVISIONAL EARNINGS | | | | |
| Oil and Gas | $ 279 | $ 156 | $ 507 | $ 768 |
| Chemical | 40 | 62 | 78 | 280 |
| | 319 | 218 | 585 | 1,048 |
| UNALLOCATED CORPORATE ITEMS | | | | |
| Interest expense, net | (118) | (106) | (357) | (336) |
| Income taxes, administration and other | (75) | (74) | (147) | (349) |
| INCOME (LOSS) FROM CONTINUING OPERATIONS | 126 | 38 | 81 | 363 |
| Discontinued operations, net | -- | -- | -- | 38 |
| Extraordinary loss, net | -- | -- | (3) | -- |
| Cumulative effect of changes in accounting principles, net | -- | -- | (13) | -- |
| NET INCOME (LOSS) | $ 126 | $ 38 | $ 65 | $ 401 |

OIL AND GAS DIVISION

Oil and gas earnings for the first nine months of 1999 were $507 million, compared with $768 million for the same period of 1998. Oil and gas earnings before special items were $506 million for the first nine months of 1999, compared with $278 million for the first nine months of 1998. Oil and gas earnings for the third quarter of 1999 were $279 million, compared with $156 million for the same period of 1998. Oil and gas earnings before special items were $278 million for the third quarter of 1999, compared with $61 million for the third quarter of 1998. The increase in earnings before special items for the three months ended September 30, 1999, compared with the same period in 1998, reflected the impact of higher worldwide crude oil and natural gas prices and lower operating and exploration costs. The increase in earnings before special items for the nine months ended September 30, 1999, compared with the same period in 1998, reflected the impact of higher worldwide crude oil prices and lower operating and exploration costs.

The 1999 third quarter earnings included a charge of $10 million for the recently announced closing of the oil and gas offices in Bakersfield, California and income of $11 million related to a contingent payment on the 1998 sale of Occidental's interests in the Netherlands. The first nine months of 1998 earnings included pretax gains of approximately $532 million related to the sale of certain nonstrategic assets, of which $137 million was recorded in the third quarter. The increase in revenues for the three and nine months ended September 30, 1999, compared with the same periods in 1998, reflected the impact of higher worldwide crude oil prices.

Approximately 40 percent of oil and gas net sales were attributed to oil and gas trading activity in both the first nine months of 1999 and 1998. The results of oil and gas trading were not significant. Oil and gas prices are sensitive to complex factors, which are outside the control of Occidental. Accordingly, Occidental is unable to predict with certainty the direction, magnitude or impact of future trends in sales prices for oil and gas.

## CHEMICAL DIVISION

Chemical earnings for the first nine months of 1999 were $78 million, compared with $280 million for the same period of 1998. The 1999 results included a second quarter gain of $12 million related to the sale of a chemical plant by an equity affiliate. Chemical earnings before special items were $66 million for the first nine months of 1999, compared with $310 million for the first nine months of 1998. Chemical earnings for the third quarter of 1999 were $40 million, compared with $62 million for the same period of 1998.

The 1998 earnings reflected a $30 million pretax charge in the second quarter for reorganization and other costs. The decrease in earnings before special items in both periods primarily reflected the impact of lower prices for chlorine and caustic soda. The increase in sales for three months ended September 30, 1999, compared with the same period in 1998 reflected the inclusion of revenues related to the PVC resin partnership offset, in part by lower prices for caustic soda. The decrease in sales for nine months ended September 30, 1999, compared with the same period in 1998 reflected the absence of revenues related to the petrochemical assets contributed to Equistar and lower prices for chlorine and caustic soda partially offset by revenues related to the PVC resin partnership. Most of Occidental's chemical products are commodity in nature, the prices of which are sensitive to a number of complex factors; accordingly, Occidental is unable to accurately forecast the trend of sales prices for its commodity chemical products. However, during the third quarter of 1999, significant posted price increases were announced for chlorine, caustic soda and PVC. Due to competitive conditions and contract provisions, earnings may not reflect the full impact of these increases until the first quarter of 2000.

## CORPORATE AND OTHER

Divisional earnings include credits in lieu of U.S. federal income taxes. In the first nine months of 1999 and 1998, divisional earnings benefited by $44 million and $28 million, respectively, from credits allocated. This included credits of $32 million and $12 million at oil and gas and chemical, respectively, in the first nine months of 1999 and $8 million and $20 million at oil and gas and chemical, respectively, for the first nine months of 1998. The higher 1999 amounts related to the transactions with Unocal.

Occidental and certain of its subsidiaries have been named as defendants or as potentially responsible parties in a substantial number of lawsuits, claims and proceedings, including governmental proceedings under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and corresponding state acts. These governmental proceedings seek funding, remediation and, in some cases, compensation for alleged property damage, punitive damages and civil penalties, aggregating substantial amounts. Occidental is usually one of many companies in these proceedings, and has to date been successful in sharing response costs with other financially sound companies. Occidental has accrued reserves at the most likely cost to be incurred in those proceedings where it is probable that Occidental will incur remediation costs which can be reasonably estimated.

During the course of its operations, Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions. Occidental has certain other commitments under contracts, guarantees and joint ventures, and certain other contingent liabilities.

It is impossible at this time to determine the ultimate liabilities that Occidental and its subsidiaries may incur resulting from the foregoing lawsuits, claims and proceedings, audits, commitments, contingencies and related matters. Several of these matters may involve substantial amounts, and if these were to be ultimately resolved unfavorably to the full amount of their maximum potential exposure, an event not currently anticipated, it is possible that such event could have a material adverse effect upon Occidental's consolidated financial position or results of operations. However, in management's opinion, after taking into account reserves, it is unlikely that any of the foregoing matters will have a material adverse effect upon Occidental's consolidated financial position or results of operations.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Occidental's net cash provided by operating activities from continuing operations was $509 million for the first nine months of 1999, compared with net cash provided of $78 million for the same period of 1998. Changes in operating assets and liabilities reflected lower net working capital usage for the first nine months of 1999, compared with the same period in 1998. Other operating expenses in 1999 reflected lower payments for other operating uses such as litigation and environmental costs. Included in total cash flow from operating activities in 1998 was cash used by discontinued operations of $244 million which included the effect of $250 million of receivables repurchased in connection with the sale of MidCon.

Occidental's net cash provided by investing activities was $1.0 billion for the first nine months of 1999, compared with net cash used of $999 million for the same period of 1998. The 1999 amount included the proceeds from the $1.4 billion note receivable. The 1999 amount also reflected net cash used of $113 million in connection with the formation of a PVC resin partnership. The 1998 amount reflected cash used of $3.5 billion for the purchase of the Elk Hills Field and also reflected proceeds of $3.3 billion, primarily from the sale of MidCon and certain nonstrategic oil and gas properties, as well as disposals of property, plant and equipment. Capital expenditures for the first nine months of 1999 were $383 million, including $306 million in oil and gas and $74 million in chemical. Capital expenditures were $840 million for the first nine months of 1998, including $595 million in oil and gas and $244 million in chemical.

Financing activities used net cash of $1.4 billion in the first nine months of 1999, compared with cash provided of $1.2 billion for the same period of 1998. The 1999 amount reflected the use of the proceeds from the $1.4 billion note receivable and $508 million of net proceeds from the issuance of the Trust Preferred Securities to repay outstanding debt and for the payment of dividends of $272 million. The 1998 amount reflected net cash provided of $2.4 billion primarily from proceeds from borrowings to fund a portion of the acquisition of the Elk Hills Field in February 1998. The 1998 amount also included cash used of $937 million for the repurchase of 35.1 million shares of Occidental common stock and $296 million for the payment of dividends.

Effective April 30, 1999, Occidental and The Geon Company (Geon) formed two partnerships. Occidental has a 76 percent controlling interest in a PVC resin partnership which is the larger of the partnerships and a 10 percent interest in a PVC powder compounding partnership. The PVC resin partnership has also entered into long-term agreements to supply PVC resin to Geon and VCM to Occidental and Geon. In addition, as part of the transaction, Occidental sold its pellet compounding plant in Pasadena, Texas and its vinyl film assets in Burlington, New Jersey to Geon. As part of the transaction, Geon realized approximately $104 million through the retention of working capital and the distribution of cash from the PVC resin partnership and the PVC resin partnership undertook approximately $180 million in operating lease obligations for certain Geon plant facilities. Occidental did not record a significant gain or loss on the transaction.

As previously disclosed, in April 1996, Occidental acquired a 64 percent interest in INDSPEC Holding Corporation (INDSPEC), a leading manufacturer of resorcinol, a bonding agent principally used in tires, with other flame retardant applications. In the third quarter of 1999, pursuant to a series of transactions, Occidental indirectly acquired the minority ownership of INDSPEC through the issuance of approximately 3.2 million shares of Occidental common stock at an estimated value of approximately $68 million and the assumption of approximately $80 million of bank debt. As a result of the transactions, Occidental owns 100 percent of the stock of INDSPEC.

In May 1998, Occidental contributed its ethylene, propylene, ethylene oxide (EO), ethylene glycol and EO derivatives businesses to the Equistar partnership, in return for a 29.5 percent equity interest in the partnership, receipt of approximately $420 million in cash and the assumption by Equistar of approximately $205 million of Occidental capital lease liabilities. Occidental did not record a gain or loss on the transaction.

In January 1999, a subsidiary of Occidental issued $525 million of 8.16 percent Preferred Securities due in 2039, for net proceeds of $508 million. The net proceeds were used to repay commercial paper. In February 1999, Occidental issued $450 million of 7.65 percent senior notes due 2006 and $350 million of 8.45 percent senior notes due 2029 for net proceeds of approximately $792 million. The net proceeds were primarily used to repay all outstanding commercial paper at that time and for general corporate purposes.

On June 1, 1999 Occidental called for redemption $68.7 million of its 11 1/8 percent senior debentures due June 1, 2019, at a redemption price of 105.563 percent of the principal amount thereof. Occidental recorded an after-tax extraordinary loss of $3 million in the second quarter of 1999 related to the redemption.

On June 30, 1999, Occidental established a program under which Occidental may offer, from time to time, up to $1 billion aggregate initial offering price of its Medium-Term Senior Notes, Series C and its Medium-Term Subordinated Notes, Series A.

Occidental expects to have sufficient cash in 1999 for its operating needs, capital expenditure requirements, dividend payments and debt repayments. Occidental currently expects to spend, in total, $595 million on its 1999 capital spending program, of which approximately $475 million has been allocated to oil and gas and approximately $120 million has been allocated to chemical. Available but unused lines of committed bank credit totaled approximately $2.0 billion at September 30, 1999, compared with $1.5 billion at December 31, 1998.

The balance in prepaid expenses, note receivable and other at December 31, 1998 includes the $1.4 billion note receivable that was collected in January 1999. The higher balance in receivables at September 30, 1999, compared with December 31, 1998 reflected additional receivables resulting from the accounting consolidation of the new PVC resin partnership. The lower balance in equity investments primarily reflected the removal of the equity investment in INDSPEC which is now fully consolidated as well as dividends received from equity investees. The net balance in property, plant and equipment reflected the impact of capital spending and the INDSPEC acquisition and property acquired in the transaction with Geon, offset in part by depreciation, depletion and amortization.

Current maturities of long-term debt and capital lease liabilities decreased reflecting the current portion of long-term debt that was paid in the first quarter of 1999 using the proceeds of the $1.4 billion note receivable. The long-term balance of the obligation under the natural gas delivery commitment decreased reflecting a portion of the obligation that is due within one year and is shown as a current liability. Minority equity in subsidiaries and partnerships at September 30, 1999, primarily reflects Geon's minority interest in the net assets of the newly formed PVC resin partnership.

On August 17, 1999, Occidental announced its intention to redeem on September 16, 1999, all of the 3,131,001 outstanding shares of its $3.00 Cumulative CXY-Indexed Convertible Preferred Stock. Prior to the redemption date the majority of the holders of the $3.00 Cumulative CXY-Indexed Convertible Preferred Stock converted 3,130,351 shares into approximately 9.9 million shares of Occidental common stock. On the redemption date, the remaining shares of such preferred stock were redeemed.

In 1996, a judgment of $742 million was entered in favor of Occidental's OXY USA Inc. subsidiary against Chevron USA (Chevron) by a state district court in Tulsa, Oklahoma. The unanimous jury verdict was for approximately $229 million in compensatory damages for breach of a 1982 merger agreement and interest on these damages from 1982 to the date of judgment. On March 2, 1999, the Oklahoma Supreme Court affirmed the trial court judgment in all respects. On June 22, 1999, the Oklahoma Supreme Court denied Chevron's petition for rehearing. In September 1999, Chevron filed a petition to the United States Supreme Court to review the judgment. As of October 31, 1999, the total amount of the award, including accrued interest, had increased to approximately $990 million.

In 1998 Occidental exhausted its accumulated earnings and profits for tax purposes and a portion of its 1998 distributions to common stockholders was a return of capital. A determination of the current earnings and profits for 1999, if any, cannot be made until after the financial results for the year are ascertained in January 2000. Therefore, a portion of the dividends received by stockholders in 1999 may be a return of capital.

Effective January 1, 1999, Occidental adopted the provisions of Statement of Position 98-5--"Reporting on the Costs of Start-Up Activities" (SOP 98-5), which requires that costs of start-up activities, including organizational costs, be expensed as incurred. The initial application of the statement resulted in a charge to income for costs of previously capitalized start-up activities that have not yet been fully amortized. The initial adoption of SOP 98-5 resulted in a first quarter noncash after-tax charge of $15 million, net of $8 million in taxes, which has been recorded as a cumulative effect of a change in accounting principle.

Effective January 1, 1999, Occidental adopted the provisions of Emerging Issues Task Force (EITF) issue No. 98-10--"Accounting for Contracts Involved in Energy Trading and Risk Management Activities," which establishes accounting and reporting standards for certain energy trading contracts. EITF No. 98-10 requires that energy trading contracts must be marked-to-market with gains and losses included in earnings and separately disclosed in the financial statements or footnotes thereto. The initial adoption of EITF No. 98-10 resulted in a first quarter noncash after-tax benefit of $2 million, recorded as a cumulative effect of a change in accounting principle.

## YEAR 2000 COMPLIANCE

Most existing computer hardware and software use only the last two digits to identify a year. Consequently, as the year 2000 approaches, the difference between a year that begins with "20" instead of "19" may not be recognized. This, as well as other date related processing issues, may cause computer-driven hardware and software to fail or malfunction unless corrected.

Occidental's program to address Year 2000 (Y2K) issues began in 1997. In addressing the issues Occidental has employed a five-step process consisting of: 1) conducting a company-wide inventory; 2) assessing Y2K compliance; 3) remediating non-compliant software and hardware, particularly hardware that employs embedded chips such as process controls; 4) testing remediated hardware and software; and 5) certifying Y2K compliance.

Personnel from operations and from functional disciplines, as well as information technology professionals, are involved in the process. Outside consultants have also been retained to participate in the inventory and assessment process. A Y2K corporate-level manager was appointed to oversee and provide consistency to the overall process, provide support resources on a company-wide basis and minimize duplication of efforts. In addition, a committee of senior corporate executives provides oversight through an extensive monthly status review of project elements. Additionally, a progress report is made to Occidental's Board of Directors on Y2K status at each board meeting.

Inventory and assessment activities are complete. This data is continuously updated as new information becomes available and Occidental expects this to continue throughout the Y2K effort. Overall remediation efforts are estimated at approximately 95 percent complete. The coincidental replacement of several major existing systems is on schedule to be completed prior to January 1, 2000; these efforts began before the Y2K efforts were initiated and the timing for completion of these projects has not been accelerated as a result of Y2K issues.

Costs for Y2K efforts are not being accumulated separately. Much of the cost is being accounted for as part of normal operating budgets. Overall, the costs, including amounts incurred to date, are estimated to be approximately $35 million over approximately a two-year period. Approximately half the cost is related to control systems while the remainder relates to information technology software and hardware. Overall, the costs are not expected to have a significant effect on Occidental's consolidated financial position or results of operations.

The risks associated with the Y2K issue can be substantial from the standpoint of reliance on third parties. Communication with customers, suppliers and equity partners to determine the extent of their Y2K efforts, including selected site visits with several utilities and some close-linked customers, is an integral part of the program. Occidental, like most companies, is reliant on third parties for a wide variety of goods and services - from raw materials to utility services. Occidental's efforts include addressing the "supply chain" issues to minimize the potential impact of a major supplier (or customer) experiencing a Y2K problem that would adversely affect Occidental.

Because of these company-wide efforts, Occidental believes that appropriate actions are being taken to minimize the risk to its operations and financial condition.

Contingency plans that address a reasonably likely worst case scenario are approximately 90 percent complete. These plans address key systems and third parties that present potential significant risk and analyze the strategies and resources necessary to restore operations in the unlikely event that an interruption does occur. The plans also outline a recovery program detailing the necessary participants, processes and equipment needed to restore operations.

ENVIRONMENTAL MATTERS

Occidental's operations in the United States are subject to stringent federal, state and local laws and regulations relating to improving or maintaining the quality of the environment. Foreign operations also are subject to varied environmental protection laws. Costs associated with environmental compliance have increased over time and may continue to rise in the future.

The laws which require or address environmental remediation may apply retroactively to previous waste disposal practices. And, in many cases, the laws apply regardless of fault, legality of the original activities or ownership or control of sites. Occidental is currently participating in environmental assessments and cleanups under these laws at federal Superfund sites, comparable state sites and other remediation sites, including Occidental facilities and previously owned sites.

Occidental does not consider the number of Superfund and comparable state sites at which it has been notified that it has been identified as being involved to be a relevant measure of exposure. Although the liability of a potentially responsible party (PRP), and in many cases its equivalent under state law, may be joint and several, Occidental is usually one of many companies cited as a PRP at these sites and has, to date, been successful in sharing cleanup costs with other financially sound companies.

As of September 30, 1999, Occidental had been notified by the Environmental Protection Agency (EPA) or equivalent state agencies or otherwise had become aware that it had been identified as being involved at 130 Superfund or comparable state sites. (This number does not include those sites where Occidental has been successful in resolving its involvement.) The 130 sites include 34 former Diamond Shamrock Chemical sites as to which Maxus Energy Corporation has retained all liability. Of the remaining 96 sites, Occidental has denied involvement at 10 sites and has yet to determine involvement in 19 sites. With respect to the remaining 67 of these sites, Occidental is in various stages of evaluation, and the extent of liability retained by Maxus Energy Corporation is disputed at 2 of these sites. For 61 of these sites, where environmental remediation efforts are probable and the costs can be reasonably estimated, Occidental has accrued reserves at the most likely cost to be incurred. The 61 sites include 13 sites as to which present information indicates that it is probable that Occidental's aggregate exposure is immaterial. In determining the reserves, Occidental uses the most current information available, including similar past experiences, available technology, regulations in effect, the timing of remediation and cost-sharing arrangements. For the remaining 6 of the 67 sites being evaluated, Occidental does not have sufficient information to determine a range of liability, but Occidental does have sufficient information on which to base the opinion expressed above under the caption "Results of Operations."

SAFE HARBOR STATEMENT REGARDING OUTLOOK AND FORWARD-LOOKING INFORMATION

Portions of this report contain forward-looking statements and involve risks and uncertainties that could significantly affect expected results of operations, liquidity and cash flows. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; competitive pricing pressures; higher than expected costs including feedstocks; the supply/demand considerations for Occidental's products; any general economic recession domestically or internationally; regulatory uncertainties; and not successfully completing any development of new fields, expansion, capital expenditure, efficiency improvement, acquisition or disposition. Forward-looking statements are generally accompanied by words such as "estimate", "project", "predict", "believes" or "expect", that convey the uncertainty of future events or outcomes. Occidental undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed might not occur.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For the period ended September 30, 1999 there were no material changes in the information provided under Item 305 of Regulation S-K included under the caption "Hedging Activities" as part of Occidental's Management's Discussion and Analysis section of Occidental's 1998 Annual Report on Form 10-K.

PART II OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

GENERAL

There is incorporated by reference herein the information regarding legal proceedings in Item 3 of Part I of Occidental's 1998 Annual Report on Form 10-K, Item 3 of Part II of Occidental's Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 1999 and June 30, 1999 and Note 11 to the consolidated condensed financial statements in Part I hereof.

In 1996, a judgment of $742 million was entered in favor of Occidental's OXY USA Inc. subsidiary against Chevron USA (Chevron) by a state district court in Tulsa, Oklahoma. The unanimous jury verdict was for approximately $229 million in compensatory damages for breach of a 1982 merger agreement and interest on these damages from 1982 to the date of judgment. On March 2, 1999, the Oklahoma Supreme Court affirmed the trial court judgment in all respects. On June 22, 1999, the Oklahoma Supreme Court denied Chevron's petition for rehearing. In September 1999, Chevron filed a petition to the United States Supreme Court to review the judgment. As of October 31, 1999, the total amount of the award, including accrued interest, had increased to approximately $990 million.

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

| | |
|---|---|
| 10.23 | Occidental Petroleum Corporation Deferred Compensation Plan (as amended and restated effective as of January 1, 1999) |
| 11 | Statement regarding the computation of earnings per share for the three and nine months ended September 30, 1999 and 1998 |
| 12 | Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the nine months ended September 30, 1999 and 1998 and the five years ended December 31, 1998 |
| 27 | Financial data schedule for the nine-month period ended September 30, 1999 (included only in the copy of this report filed electronically with the Securities and Exchange Commission) |

(b) Reports on Form 8-K

During the quarter ended September 30, 1999, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated June 30, 1999 (date of earliest event reported), filed on July 6, 1999, for the purpose of reporting, under Item 5, the commencement of a $1 billion medium-term note program and under Item 7, certain exhibits related to the program.

2. Current Report on Form 8-K dated July 20, 1999 (date of earliest event reported), filed on July 21, 1999, for the purpose of reporting, under Item 5, Occidental's results of operations for the quarter ended June 30, 1999.

3. Current Report on Form 8-K dated August 17, 1999 (date of earliest event reported), filed on August 18, 1999, for the purpose of reporting, under Item 5, Occidental's announcement that it intended to redeem all of the outstanding shares of its $3.00 Cumulative CXY-Indexed Convertible Preferred Stock.

From September 30, 1999 to the date hereof, Occidental filed the following Current Reports on Form 8-K:

1. Current Report on Form 8-K dated October 19, 1999 (date of earliest event reported), filed on October 20, 1999, for the purpose of reporting, under Item 5, Occidental's results of operations for the quarter ended September 30, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION

DATE: November 10, 1999

S. P. Dominick, Jr.

-----------------------------------------

S. P. Dominick, Jr., Vice President and Controller (Chief Accounting and Duly Authorized Officer)

EXHIBIT INDEX

EXHIBITS

| | |
|---|---|
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EXHIBIT 10.23

# OCCIDENTAL PETROLEUM CORPORATION
# DEFERRED COMPENSATION PLAN
(Amended and Restated Effective as of January 1, 1999)

OCCIDENTAL PETROLEUM CORPORATION
DEFERRED COMPENSATION PLAN
(Amended and Restated Effective as of January 1, 1999)

# ARTICLE I
# PURPOSE

The purpose of this Deferred Compensation Plan (the "Plan") is to provide a tax-advantaged way for key management and other highly compensated employees of Occidental Petroleum Corporation and its Affiliates to accumulate additional income for retirement or planned savings for future needs.

# ARTICLE II
# DEFINITIONS AND CERTAIN PROVISIONS

Affiliate. "Affiliate" means any corporation or unincorporated entity which is controlled by or under common control with Occidental Petroleum Corporation.

Base Salary. "Base Salary" means a Participant's annual base salary, excluding Bonus, all severance allowances, forms of incentive compensation, any Savings Plan, Retirement Plan or other Company qualified plan contributions or benefits, retainers, insurance premiums or benefits, reimbursements, and all other payments, prior to reduction for any deferrals under this Plan or any other plan of the Company or reductions under the Company's Savings Plan sanctioned by Section 401(k) of the Internal Revenue Code.

Beneficiary. "Beneficiary" means the person or persons designated as such in accordance with Article VI.

Board. "Board" means the Board of Directors of the Company.

Bonus. "Bonus" means the bonus awarded to a Participant during the Plan Year in question prior to reduction for any deferral under this Plan or any other plan of the Company.

Committee. "Committee" means the administrative committee appointed to administer the Plan pursuant to Article III.

Company. "Company" means Occidental Petroleum Corporation, or any successor thereto, and any Affiliates.

Company Management. "Company Management" means the Chairman of the Board, President or any Executive Vice President of Occidental Petroleum Corporation.

Declared Rate. "Declared Rate" with respect to any Plan Year means the interest rate which will be credited on Deferral Accounts for such Plan Year. The Declared Rate for each Plan Year commencing in 1999 and thereafter will be equal to (A) the Moody's Long-Term Corporate Bond Index Monthly Average Corporates as published by Moody's Investor Services, Inc. (or successor thereto) for the month of July before the Plan Year in question plus (B) three percent (3%). The Declared Rate will be announced on or before January 1 of the applicable Plan Year. Notwithstanding the foregoing, the Declared Rate on Deferral Amounts which were earned and deferred prior to 1994 (including bonuses which were earned for 1993), together with accumulated interest thereon, will in no event be less than eight percent (8%) for any Plan Year. Accordingly, the Declared Rate for any Plan Year commencing in 1994 or thereafter may be different for Deferral Amounts which were earned and deferred prior or subsequent to January 1, 1994. The Company reserves the right to change the Declared Rate at any time, but only on a prospective basis; provided that Deferral Amounts which were earned and deferred prior to 1994 will continue to be credited with interest at not less than eight percent (8%) per annum.

Deferral Account. "Deferral Account" means the account maintained on the books of account of the Company for each Participant pursuant to Article IV.

Deferral Amount. "Deferral Amount" means an amount of a Participant's Base Salary or Bonus which is deferred under this Plan.

Disability. "Disability" means a condition that qualifies as a disability under the Company's Retirement Plan approved by the Committee.

Early Payment Benefit. "Early Payment Benefit" means the payment to a Participant of part or all of his Deferral Account on an Early Payment Date prior to Retirement pursuant to Section 5.5.

Early Payment Date. "Early Payment Date" means any date prior to Retirement on which a Participant elects to receive an Early Payment Benefit pursuant to Section 5.5.

Election Form. "Election Form" means an Eligible Employee's written, irrevocable election to defer Base Salary and/or Bonus in accordance with Article IV.

Eligible Employee. "Eligible Employee" means each key management or other highly compensated employee of the Company who is selected by Company Management to participate in the Plan.

Emergency Benefit. "Emergency Benefit" means the payment to a Participant of part or all of his Deferral Account in the event that the Participant has an unforeseeable financial emergency pursuant to Section 5.6.

Enrollment Agreement. "Enrollment Agreement" means the written agreement entered into by the Company and an Eligible Employee pursuant to which the Eligible Employee becomes a Participant in the Plan. In the sole discretion of the Company, Election Forms filed by any Participant by which the Participant makes the elections provided for by this Plan may be treated as a completed and fully executed Enrollment Agreement for all purposes under the Plan.

Participant. "Participant" means an Eligible Employee who has filed a completed and fully executed Enrollment Agreement with the Committee and is participating in the Plan in accordance with the provisions of Article IV.

Plan Year. "Plan Year" means the calendar year beginning January 1 and ending December 31.

Retirement. "Retirement" means termination of a Participant's employment with the Company for reasons other than death after the Participant attains age 55 and completes five (5) Years of Service.

Retirement Benefit. "Retirement Benefit" means the payment to a Participant of the Participant's Deferral Account following Retirement pursuant to Section 5.1.

Retirement Plan. "Retirement Plan" means the Occidental Petroleum Corporation Retirement Plan, as amended from time to time.

Retirement Plan Restoration Account. "Retirement Plan Restoration Account" means the account maintained on the books of account of the Company for each affected Participant pursuant to Section 5.7.

Retirement Plan Restoration Benefit. "Retirement Plan Restoration Benefit" means the payment to a Participant of the Participant's Retirement Plan Restoration Account pursuant to Section 5.7.

Savings Plan. "Savings Plan" means the Occidental Petroleum Corporation Savings Plan, as amended from time to time.

Savings Plan Restoration Account. "Savings Plan Restoration Account" means the account maintained on the books of account of the Company to reflect Savings Plan restoration contributions made by the Company pursuant to Section 4.5.

Service. "Service" means the period of time during which an employment relationship exists between a Participant and the Company, including the period of time such relationship existed prior to the time when the employee in question became a Participant.

Termination Benefit. "Termination Benefit" means the payment to a Participant of the Participant's Deferral Account on account of his termination of employment other than due to Retirement, Disability or death pursuant to Section 5.2.

Termination Event. "Termination Event" means:

(a) the dissolution or liquidation of the Company;

(b) the reorganization, merger or consolidation of the Company with one or more corporations as a result of which the Common Stock of the Company is exchanged for or converted into cash or property or securities not issued by the Company, unless the reorganization, merger or consolidation shall have been affirmatively recommended to the Company's stockholders by a majority of the members of the Company's Board of Directors;

(c) the acquisition of substantially all of the property or of more than thirty-five percent (35%) of the voting power of the Company by any person or entity;

(d) the occurrence of any circumstance having the effect that directors who were nominated for election as directors by the Nominating Committee of the Company's Board of Directors shall cease to constitute a majority of the authorized number of directors of the Company;

(e) the dissemination to the stockholders of the Company of a proxy statement seeking stockholder approval of a Termination Event of the type described in (b) above; or

(f) the publication or dissemination of an announcement of an action intended to result in a Termination Event of the type described in (c) or (d) above.

Years of Service. "Years of Service" means the number of full years credited to a Participant under the Retirement Plan for vesting purposes.

## ARTICLE III
## ADMINISTRATION OF THE PLAN

An administrative committee shall be appointed by the Company's Chief Executive Officer to administer the Plan and establish, adopt, or revise such rules and regulations as the Committee may deem necessary or advisable for the administration of the Plan and to interpret the provisions of the Plan, and, except as otherwise indicated herein, any such interpretations shall be conclusive. All decisions of the Committee shall be by vote of at least two of the Committee members and shall be final.

Members of the Committee shall be eligible to participate in the Plan while serving as members of the Committee, but a member of the Committee shall not vote or act upon any matter which relates solely to such member's interest in the Plan as a Participant.

## ARTICLE IV
## PARTICIPATION

4.1 Election to Participate. An Eligible Employee may elect to participate in the Plan by filing a completed and fully executed Enrollment Agreement with the Corporate Compensation Department. An Eligible Employee may thereafter elect to defer annual Base Salary and/or Bonus under the Plan for any Plan Year by filing a completed and fully executed irrevocable Election Form with the Corporate Compensation Department prior to the beginning of such Plan Year or at such other time as the Committee may permit. Various deferral options will be made available to Eligible Employees under the Plan, subject to such limitations and conditions as the Committee may impose, from time to time, in its complete and sole discretion. Unless otherwise authorized by the Committee, a separate Election Form will be required for each Plan Year, and the irrevocable Election Form will designate the Deferral Amounts as a fixed dollar amount (in increments of $1,000) for Base Salary and/or (A) a fixed percentage of bonus (in increments of 10%) or (B) 100% of the remainder of any bonus above a specified dollar amount, as elected by the Participant. Deferrals of Base Salary will normally be deducted ratably during the Plan Year. In its sole discretion, the Committee may also permit amounts which an Eligible Employee has previously elected to defer under other plans or agreements with the Company to be transferred to this Plan and credited to his Deferral Account which is maintained hereunder.

(a) Minimum Deferral. The minimum deferral for any Plan Year shall be (i) Five Thousand U.S. Dollars (U.S. $5,000.00) for Base Salary and (ii) ten percent (10%) for Bonus.

(b) Maximum Deferral. The maximum deferral for any Plan Year shall be (i) seventy-five percent (75%) for Base Salary and (ii) one hundred percent (100%) for Bonus.

4.2 Deferral Accounts. The Committee shall establish and maintain a separate Deferral Account for each Participant. A Deferral Amount shall be credited by the Company to the Participant's Deferral Account no later than the first day of the month following the month in which the Participant's Base Salary or Bonus would otherwise have been paid. Such Deferral Account shall be debited by the amount of any payments made by the Company to the Participant or the Participant's Beneficiary therefrom.

4.3 Interest. Each Deferral Account of a Participant shall be deemed to bear interest on the balance from month-to-month in such Deferral Account at the Declared Rate for each Plan Year, compounded monthly, from the date such Deferral Account was established through the date of complete distribution of the Deferral Account. Interest will be credited to each Deferral Account on a monthly basis on the last day of each month.

4.4 Valuation of Accounts. The value of a Deferral Account as of any date shall equal the amounts theretofore credited to such account less any payments debited to such account plus the interest deemed to be earned on such account in accordance with Section 4.3 through the end of the preceding month. When payments are made from a Deferral Account for any reason, such payments shall be deemed to be made on a proportionate or pro-rata basis from Deferral Amounts (including accumulated interest thereon) which were earned and deferred prior and subsequent to January 1, 1994.

4.5 Savings Plan Restoration Contribution. For each Plan Year, the Company shall credit to the Savings Plan Restoration Account of any Participant an amount equal to the amount by which the contribution that would otherwise have been made by the Company to the Savings Plan for such Plan Year is reduced by reason of the reduction in the Participant's Base Salary for such Plan Year under this Plan. The Savings Plan restoration contribution shall be credited to the Savings Plan Restoration Account for each Plan Year at the same time as the Company contribution for such Plan Year is made to the Savings Plan. A Participant's interest in any credit to his Savings Plan Restoration Account and earnings thereon shall vest at the same rate and at the same time as would have been the case had such contribution been made to the Savings Plan. Interest will be credited on a Savings Plan Restoration Account at the same rate and in the same manner as if it were a Deferral Account in accordance with Section 4.3.

Upon death, Retirement or other termination of employment, the vested portion of the Participant's Savings Plan Restoration Account shall be paid to the Participant (or his Beneficiary in the event of the Participant's death) in a single lump sum during the first 90 days of the year following the year of such event.

4.6 Statement of Accounts. The Committee shall submit to each Participant, within 120 days after the close of each Plan Year, a statement in such form as the Committee deems desirable setting forth the balance standing to the credit of each Participant in each of his Deferral Accounts and his Savings Plan Restoration Account.

ARTICLE V
BENEFITS

5.1 Retirement Benefit. Upon Retirement, the Company shall pay to the Participant with respect to his Deferral Account an annual amount for fifteen (15) years beginning in the year following his Retirement, the sum of which payments shall equal (a) the value of the Deferral Account determined under Section 4.4 as of the end of the year in which his Retirement occurs plus (b) the interest that will accrue on the unpaid balance in such Deferral Account during such fifteen year (15) period pursuant to Section 4.3 ("Retirement Benefit"). For each year after the initial Retirement Benefit payment is made, the annual Retirement Benefit payment shall be redetermined based upon the value of the Deferral Account at that time, plus the interest that will accrue pursuant to Section 4.3 for the remaining period of annual payments. A Participant may instead elect in his Enrollment Agreement to have the Retirement Benefit paid to him in annual payments for either five (5), ten (10) or twenty (20) years or in a single lump sum payment. The amount of any such annual payments shall be calculated in accordance with the principles stated in the preceding sentences. Annual payments will normally be made during the first 90 days of the year.

The Committee, in its sole discretion, may permit a Participant to change his election as to the form of payment upon written petition of the Participant. In order to be effective, a Participant's election (or modification or revocation of a prior election) of the form of payment of his Retirement Benefit must be made not later than 12 months before the Participant's Retirement, unless otherwise permitted by the Committee. Subject to the foregoing limitation, a Participant may make such election (or revoke a prior election and make a new election) at any time. Any election (or modification or revocation of a prior election) which is made later than 12 months prior to the Participant's Retirement will be considered void and shall have no force or effect, except as otherwise determined by the Committee.

5.2 Termination Benefit. If a Participant shall cease to be an employee of the Company for any reason other than Retirement or death, the Company shall pay to the Participant in one lump sum, except as provided in Section 5.5 for Early Payment Benefits, an amount (the "Termination Benefit") equal to the value of his Deferral Account during the first 90 days of the year following the year of termination; provided, however, at the sole discretion of the Committee, no lump sum shall be payable and, instead, the Company shall pay to the Participant an annual amount each year for a period not to exceed three years beginning in the year following his termination of employment, the sum of which payments shall equal (a) the value of the Deferral Account determined under Section 4.4 as of the end of the year in which he terminates employment plus (b) the interest that will accrue on the unpaid balance from month-to-month in such Deferral

Account during such three year period at the Declared Rate, compounded monthly. Annual payments will normally be made during the first 90 days of the year.

5.3 Disability. If a Participant shall cease to be an employee of the Company prior to Retirement due to a Disability, no distribution shall be made until the earliest to occur of the Participant's Retirement, death or termination of employment, provided that any such Participant may, at any time during the period of his Disability, petition to the Committee for an emergency benefit pursuant to Section 5.6.

5.4 Survivor Benefits.

(a) If a Participant dies while employed with the Company prior to becoming eligible for Retirement, the Company will pay to the Participant's Beneficiary in one lump sum, except as provided in Section 5.5 for Early Payment Benefits, an amount equal to the value of the Participant's Deferral Account.

(b) If a Participant dies after becoming eligible for Retirement or after the commencement of payment of Retirement Benefits, the Company will pay to the Participant's Beneficiary the remaining installments of the Retirement Benefits which would have been payable to the Participant for the balance of the payment period elected by the Participant. If payments have not yet commenced, payments will commence in the year following the year of the Participant's death, irrespective of when Retirement Benefit payments would have commenced if the Participant had survived.

(c) Spouses of participants who participated in the Senior Executive Deferred Compensation Plan may be eligible for additional survivor benefits.

5.5 Early Payment. A Participant may elect, in such manner as the Committee may permit in any Election Form, to receive part or all of the Deferral Amounts covered by such Election Form in a lump sum payment or installments ("Early Payment Benefit") commencing on a date prior to Retirement designated in such Election Form ("Early Payment Date").

The Early Payment Date on any Election Form may be any date which is at least two years after completion of deferral of the Deferral Amounts covered by such Election Form. If the Participant retires, terminates employment, becomes disabled or dies prior to commencement or completion of all Early Payment Benefits, all such elections made by the Participant to receive Early Payment Benefits shall continue in force. However, any such Early Payments Benefits which have not yet commenced shall commence in the year following such event. Annual payments will normally be made during the first 90 days of the year.

5.6 Emergency Benefit. In the event that the Committee, upon written petition of the Participant (or his Beneficiary, in the event of the Participant's death), determines, in its sole discretion, that the Participant or Beneficiary has suffered an unforeseeable financial emergency, the Company shall pay to the Participant, as soon as practicable following such determination, such amount up to the balance of his Deferral Account which is necessary to meet the emergency ("Emergency Benefit"). For purposes of this Plan, an unforeseeable financial emergency is an unexpected need for cash arising from an illness, casualty loss, divorce, sudden financial reversal, or other such unforeseeable occurrence. Cash needs arising from foreseeable events such as the purchase of a home or education expenses for children shall normally not be considered to be the result of an unforeseeable financial emergency.

5.7 Retirement Plan Restoration Benefit. In addition to the other benefits provided for in this Article V, the Company shall pay a Retirement Plan Restoration Benefit to Participants who have elected to defer a portion of their Base Salary in accordance with this Plan and thereby receive a reduced benefit under the Retirement Plan. To the extent not provided under any other plan of the Company, a credit shall be made to a Retirement Plan Restoration Account established under this Plan for the Participant. The Committee shall determine the methods and procedures for computation and payment of the Retirement Plan Restoration Benefit and shall have the right to amend or revise these methods and procedures from time to time, in its complete and sole discretion.

5.8 Immediate Payment on Termination Event. Upon petition of a Participant within sixty (60) days after any Termination Event or such other period as the Committee may permit, the Committee, in its sole discretion, may pay the balance of the Participant's Deferral Account to him immediately in a lump sum as a Termination Benefit pursuant to Section 5.2, irrespective of whether the Participant terminates or continues employment with the Company.

5.9 Small Benefit. In the event that the Committee determines, in its sole discretion, that the amount of any benefit is too small to make it administratively convenient to pay such benefit over time, the Committee may pay the benefit in a lump sum.

5.10 Lump Sum Payment With Penalty. Notwithstanding any other provisions of the Plan, a Participant or a Beneficiary of a deceased Participant may elect at any time to receive an immediate lump sum payment of all or part of the vested balance of his Deferral Account, reduced by a penalty, which shall be forfeited to the Company, equal to ten percent (10%) of the amount withdrawn from such Deferral Account, in lieu of payments in accordance with the form previously elected by the Participant.

Whenever a Participant receives a lump sum payment under this Section 5.10, the Participant will be deemed to elect to revoke all current deferral commitments under the Plan effective as of the date of the lump sum payment. The Participant will not be permitted to participate in the next enrollment period under the Plan and will be precluded from electing to make new deferrals under the Plan for a minimum period of one year (or such lesser period as the Committee may permit) following receipt of the lump sum payment.

5.11 Withholding; Unemployment Taxes. To the extent required by the law in effect at the time payments are made, the Company shall withhold from payments made hereunder the minimum taxes required to be withheld by the Federal or any state or local government.

## ARTICLE VI
## BENEFICIARY DESIGNATION

Each Participant shall have the right, at any time, to designate any person or persons as the Beneficiary to whom payments under this Plan shall be made in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Committee during the Participant's lifetime on a form prescribed by the Committee. The filing of a new Beneficiary designation form will cancel any inconsistent Beneficiary designation previously filed.

If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, such benefits shall be paid in accordance with the Participant's Beneficiary designation under the Company's Retirement Plan, and if there is no such valid Beneficiary designation, to the Participant's then surviving spouse, or, if none, to the Participant's estate, until directed otherwise by the court that has jurisdiction over the assets belonging to the Participant's probate estate.

## ARTICLE VII
## AMENDMENT AND TERMINATION OF PLAN

7.1 Amendment. The Board may at any time amend the Plan in whole or in part for any reason, including but not limited to tax, accounting or other changes, which may result in termination of the Plan for future deferrals, provided, however, that no amendment shall be effective to decrease the benefits under the Plan payable to any Participant which have accrued prior to the date of such amendment. The Committee, in its discretion, may amend the Plan if it finds that such amendment does not significantly increase or decrease Plan benefits or costs.

7.2 Termination.

(a) Company's Right to Terminate. The Board or the Committee may at any time terminate the Plan, if in the Board's or the Committee's judgment, the continuance of the Plan would not be in the Company's best interest due to tax, accounting or other effects thereof, or potential payouts thereunder.

(b) Payments Upon Termination. Upon any termination of the Plan under this Section 7.2, the Board or Committee shall determine the date or dates of Plan distributions to the Participants, which date or dates shall not be later than the date or dates on which the Participants or their Beneficiaries would otherwise receive benefits hereunder. Deferral Amounts shall prospectively cease to be deferred as of the date determined by the Board or Committee.

## ARTICLE VIII
## MISCELLANEOUS

8.1 Unsecured General Creditor. The rights of a Participant, Beneficiary, or their heirs, successors, and assigns, as relates to any Company promises hereunder, shall not be secured by any specific assets of the Company, nor shall any assets of the Company be designated as attributable or allocated to the satisfaction of such promises.

8.2 Trust Fund. The Company shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Company may establish one or more trusts, with such trustees as the Board or Committee may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Company.

8.3 Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, or interest therein which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

8.4 Employment Not Guaranteed. Nothing contained in this Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to be retained in employment with the Company. Accordingly, subject to the terms of any written employment agreement to the contrary, the Company shall have the right to terminate or change the terms of employment of a Participant at any time and for any reason whatsoever, with or without cause.

8.5 Obligations to Company. If a Participant becomes entitled to a distribution of benefits under the Plan, and if at such time the Participant has outstanding any debt, obligation, or other liability representing an amount owing to the Company, then the Company may offset such amount owed to it against the amount of benefits otherwise distributable. Such determination shall be made by the Committee.

8.6 Gender, Singular & Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine or feminine as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

8.7 Captions. The captions of the articles, sections, and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

8.8 Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

8.9 Notice. Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the Company's Executive Vice President, Human Resources. Such notice shall be deemed given as to the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

8.10 Applicable Law. The Plan shall be governed and construed in accordance with the laws of the State of California.

EXHIBIT 11

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998
(Amounts in millions, except per-share amounts)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| BASIC EARNINGS PER SHARE | | | | |
| Income from continuing operations | $ 126.2 | $ 38.4 | $ 81.4 | $ 362.6 |
| Preferred stock dividends | -- | (4) | (7.2) | (12.9) |
| Earnings from continuing operations Applicable to common stock | 126.2 | 34.4 | 74.2 | 349.7 |
| Discontinued operations, net | -- | -- | -- | 38.4 |
| Extraordinary loss, net | -- | -- | (2.6) | -- |
| Cumulative effect of changes in accounting principles, net | -- | -- | (13.4) | -- |
| Earnings applicable to common stock | $ 126.2 | $ 34.4 | $ 58.2 | $ 388.1 |
| Weighted average common shares outstanding | 357.6 | 350 | 351.3 | 351.2 |
| Basic earnings per share | | | | |
| Income from continuing operations | $ .35 | $ .10 | $ .22 | $ 1.00 |
| Discontinued operations, net | -- | -- | -- | .11 |
| Extraordinary loss, net | -- | -- | (.01) | -- |
| Cumulative effect of changes in accounting principles, net | -- | -- | (.04) | -- |
| Basic earnings per common share | $ .35 | $ .10 | $ .17 | $ 1.11 |
| DILUTED EARNINGS PER SHARE | | | | |
| Earnings from continuing operations Applicable to common stock | $ 126.2 | $ 34.4 | $ 74.2 | $ 349.7 |
| Dividends applicable to dilutive preferred stock | -- | -- | 7.2 | 12.9 |
| | 126.2 | 34.4 | 81.4 | 362.6 |
| Discontinued operations, net | -- | -- | -- | 38.4 |
| Extraordinary loss, net | -- | -- | (2.6) | -- |
| Cumulative effect of changes in accounting principles, net | -- | -- | (13.4) | -- |
| Earnings applicable to common stock | $ 126.2 | $ 34.4 | $ 65.4 | $ 401.0 |
| Weighted average common shares outstanding | 357.6 | 350 | 351.3 | 351.2 |
| Dilutive effect of exercise of options outstanding | .1 | .2 | .1 | .5 |
| Dilutive effect of convertible preferred stock | -- | -- | -- | 15.2 |
| | 357.7 | 350.2 | 351.4 | 366.9 |
| Diluted earnings per share | | | | |
| Income from continuing operations | $ .35 | $ .10 | $ .22 | $ .99 |
| Discontinued operations, net | -- | -- | -- | .10 |
| Extraordinary loss, net | -- | -- | (.01) | -- |
| Cumulative effect of changes in accounting principles, net | -- | -- | (.04) | -- |
| Diluted earnings per common share | $ .35 | $ .10 | $ .17 | $ 1.09 |

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998
(Amounts in millions, except per-share amounts)

The following items were not included in the computation of diluted earnings per share because their effect was antidilutive:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 |
| STOCK OPTIONS | | | | |
| Number of shares | 4.6 | 2.8 | 5.0 | .2 |
| Price range per share | $22.000 -- $29.625 | $23.125 -- $29.625 | $19.875 -- $29.625 | $26.000 -- $29.625 |
| Expiration range | 1/14/00 -- 7/8/08 | 8/20/99 -- 1/14/00 | 1/14/00 -- 7/8/08 | 8/20/99 -- 1/14/00 |
| CONVERTIBLE PREFERRED STOCK $3.00 | | | | |
| Number of shares | -- | 5.4 | -- | 5.4 |
| Dividends paid | -- | $4.0 | $7.2 | $12.9 |

EXHIBIT 12

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
COMPUTATION OF TOTAL ENTERPRISE RATIOS OF EARNINGS TO FIXED CHARGES
(Amounts in millions, except ratios)

| | Nine Months Ended September 30 | | Year Ended December 31 | | | | |
|---|---|---|---|---|---|---|---|
| | 1999 | 1998 | 1998 | 1997 | 1996 | 1995 | 1994 |
| Income (loss) from continuing Operations(a) | $ 156 | $ 403 | $ 400 | $ 245 | $ 486 | $ 325 | $ (236) |
| Add: | | | | | | | |
| Provision (credit) for taxes on income (other than foreign and gas taxes) | 53 | 206 | 204 | 47 | 99 | 155 | (59) |
| Interest and debt expense(b) | 391 | 424 | 576 | 446 | 492 | 591 | 586 |
| Portion of lease rentals representative of the interest factor | 25 | 26 | 36 | 39 | 38 | 43 | 50 |
| | 469 | 656 | 816 | 532 | 629 | 789 | 577 |
| Earnings before fixed charges | $ 625 | $ 1,059 | $ 1,216 | $ 777 | $ 1,115 | $ 1,114 | $ 341 |
| Fixed charges | | | | | | | |
| Interest and debt expense including capitalized interest(b) | $ 398 | $ 438 | $ 594 | $ 462 | $ 499 | $ 595 | $ 589 |
| Portion of lease rentals representative of the interest factor | 25 | 26 | 36 | 39 | 38 | 43 | 50 |
| Total fixed charges | $ 423 | $ 464 | $ 630 | $ 501 | $ 537 | $ 638 | $ 639 |
| Ratio of earnings to fixed charges | 1.48 | 2.28 | 1.93 | 1.55 | 2.08 | 1.75 | n/a (c) |

(a) Includes (1) minority interest in net income of majority-owned subsidiaries and partnerships having fixed charges and (2) income from less-than-50-percent-owned equity investments adjusted to reflect only dividends received.
(b) Includes proportionate share of interest and debt expense of 50-percent-owned equity investments.
(c) Not computed due to less than one-to-one coverage. Earnings were inadequate to cover fixed charges by $298 million.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

9-MOS
DEC-31-1999
SEP-30-1999
151
0
470
22
498
1,491
17,724
7,496
14,135
1,577
5,181
0
0
73
3,143
14,135
5,104
5,245
3,967
3,967
63
0
380
277
230
81
0
(3)
(13)
65
.17
.17