

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1994
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 (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) 10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	95-4035997 (I.R.S. EMPLOYER IDENTIFICATION NO.) 90024 (ZIP CODE)
---	--

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (310) 208-8800

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Floating Rate Senior Notes due 1995	New York Stock Exchange
10 3/4% Senior Notes due 1998	New York Stock Exchange
9 5/8% Senior Notes due 1999	New York Stock Exchange
10 1/8% Senior Notes due 2001	New York Stock Exchange
10 1/8% Senior Debentures due 2009	New York Stock Exchange
11 3/4% Senior Debentures due 2011	New York Stock Exchange
11 1/8% Senior Debentures due 2019	New York Stock Exchange
9 1/4% Senior Debentures due 2019	New York Stock Exchange
\$3.00 Cumulative CXY-Indexed Convertible Preferred Stock	New York Stock Exchange
Common Stock	New York Stock Exchange, Pacific Stock Exchange
Rights	New York Stock Exchange, Pacific Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

At February 28, 1995, the aggregate market value of the voting stock held by nonaffiliates of the registrant was approximately \$6.3 billion, based on the New York Stock Exchange composite tape closing price on February 28, 1995.

At February 28, 1995, there were 317,339,166 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Annual Report for the year ended December 31, 1994, are incorporated by reference into Parts I and II.

Portions of the registrant's definitive Proxy Statement filed in connection with its April 28, 1995, Annual Meeting of Stockholders are incorporated by reference into Part III.

PART I	
ITEMS 1 AND 2 Business and Properties	1
General	1
Oil and Gas Operations	1
Natural Gas Transmission Operations	7
Chemical Operations	10
Capital Expenditures	14
Employees	14
Environmental Regulation	14
ITEM 3 Legal Proceedings	15
ITEM 4 Submission of Matters to a Vote of Security Holders	16
Executive Officers of the Registrant	16
PART II	
ITEM 5 Market for Registrant's Common Equity and Related Stockholder Matters	18
ITEM 6 Selected Financial Data	18
ITEM 7 Management's Discussion and Analysis of Financial Condition and Results of Operations	18
ITEM 8 Financial Statements and Supplementary Data	19
ITEM 9 Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	22
PART III	
ITEM 10 Directors and Executive Officers of the Registrant	22
ITEM 11 Executive Compensation	22
ITEM 12 Security Ownership of Certain Beneficial Owners and Management	22
ITEM 13 Certain Relationships and Related Transactions	22
PART IV	
ITEM 14 Exhibits, Financial Statement Schedules and Reports on Form 8-K	22

ITEMS 1 AND 2 BUSINESS AND PROPERTIES

GENERAL

Occidental Petroleum Corporation, a Delaware corporation ("Occidental"), explores for, develops, produces and markets crude oil and natural gas; engages in interstate and intrastate natural gas transmission and marketing; and manufactures and markets a variety of basic chemicals, petrochemicals and polymers and plastics. Occidental conducts its principal operations through three subsidiaries: Occidental Oil and Gas Corporation, MidCon Corp. and Occidental Chemical Corporation. Occidental's executive offices are located at 10889 Wilshire Boulevard, Los Angeles, California 90024; telephone (310) 208-8800.

Occidental was organized in April 1986 and, as the result of a reorganization effective May 21, 1986, became the successor to a California corporation of the same name organized in 1920. As used herein, the term "Occidental" refers to Occidental alone or together with one or more of its subsidiaries.

Occidental's principal businesses constitute three industry segments, the operations of which are described below. For information with respect to the revenues, net income and assets of Occidental's industry segments and of its operations in various geographic areas for each of the three years in the period ended December 31, 1994, see Note 15 to the Consolidated Financial Statements of Occidental ("Consolidated Financial Statements"), which are included in Occidental's 1994 Annual Report ("1994 Annual Report") and are incorporated by reference in Item 8 of this report, and the information appearing under the caption "Management's Discussion and Analysis," which is included in the 1994 Annual Report and is incorporated by reference in Item 7 of this report. Throughout this report, portions of the 1994 Annual Report are incorporated by reference. These portions of the 1994 Annual Report are included as Exhibit 13 to this report.

OIL AND GAS OPERATIONS

Exploration and Production

GENERAL Through Occidental Oil and Gas Corporation and its subsidiaries, and its approximate 30 percent equity interest in Canadian Occidental Petroleum Ltd. ("CanadianOxy"), Occidental produces or participates in the production of crude oil, condensate and natural gas in the United States, Canada, Colombia, the Congo, Ecuador, the Dutch and United Kingdom sectors of the North Sea, Oman, Pakistan, Peru, Qatar, Russia, Venezuela and Yemen. Occidental is continuing its development programs for certain existing fields in certain of these countries and also is conducting exploration activities in several of these countries as well as in other countries.

In 1994, Occidental again added more oil to its reserves than it produced, continuing its record of total reserve increases. Occidental's consolidated worldwide net proved developed and undeveloped reserves of crude oil (not including those of CanadianOxy) were 918 million barrels at year-end 1994, compared with 793 million barrels at year-end 1993. Domestic reserves of crude oil were 218 million barrels at year-end 1994, compared with 195 million barrels at year-end 1993, while international crude oil reserves increased by 17 percent to 700 million barrels from 598 million barrels at year-end 1993. International net crude oil reserve additions of 190 million barrels, mainly in Venezuela, Qatar and the Congo, more than replaced Occidental's production of 65 million barrels. The calculation of reserve additions does not take into account sales of reserves. Worldwide net proved developed and undeveloped reserves of natural gas were approximately 2.3 trillion cubic feet ("Tcf") at year-end 1994, with 2.0 Tcf attributable to domestic operations. Worldwide net proved developed and undeveloped natural gas

reserves were about 2.1 Tcf in the previous year. Discoveries of substantial quantities of gas and oil in the Philippines and of gas and condensate in Malaysia are not reflected in Occidental's proved reserves. Please note that Occidental's crude oil reserves include condensate and natural gas liquids, except for the United States, where crude oil reserves include only condensate. In addition, natural gas reserves in the United States are presented on a wet-gas basis (including leasehold natural gas liquids reserves), whereas natural gas reserves in other locations exclude natural gas liquids. The reserves are stated after applicable royalties. See the information appearing under the caption "Supplemental Oil and Gas Information" incorporated by reference in Item 8 of this report.

As a producer of crude oil and natural gas, Occidental competes with numerous other producers, as well as with nonpetroleum energy producers. Crude oil and natural gas are commodities that are sensitive to prevailing conditions of supply and demand and generally are sold at posted or contract prices. Among the methods that Occidental uses to compete are the acquisition of foreign contract exploration blocks in areas with known oil and gas deposits and the cost-efficient development and exploitation of its worldwide oil and gas reserves. Specific strategies include the buying or selling of proved reserves and flexible and responsive marketing techniques, particularly for natural gas.

Occidental's domestic oil and gas operations are affected by political developments and by federal, state and local laws and regulations relating to, among other things, increases in taxes and royalties, production limits and environmental matters. All sectors of the natural gas industry continued during 1994 to adjust their marketing activities under the provisions of a series of orders adopted by the Federal Energy Regulatory Commission ("FERC") in 1992 ("Order 636"). Order 636 was implemented to improve the competitive structure of the natural gas industry and at the same time maintain adequate and reliable service. Both FERC and state regulatory agencies continue to modify and expand the regulation of the transportation services framework put into effect by Order 636. In addition to Order 636, FERC issued a series of Orders in 1994 that will tend to deregulate the gathering systems of interstate pipelines and their affiliates. Neither of these activities is expected to have a significant impact on the domestic oil and gas operations of Occidental.

Portions of Occidental's oil and gas assets are located in countries outside North America, some of which may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to protect against such risks and would expect to receive compensation in the event of nationalization. At December 31, 1994, the carrying value of Occidental's oil and gas assets in countries outside North America aggregated approximately \$1.942 billion, or approximately 11 percent of Occidental's total assets at that date. Approximately \$527 million of such assets was located in the Middle East, and \$506 million of such assets was located in Latin America. Substantially all of the remainder were located in the Dutch sector of the North Sea, West Africa, Russia and Pakistan.

UNITED STATES Occidental produces crude oil and natural gas, principally in Texas, the Gulf of Mexico, Kansas, Oklahoma, Louisiana, New Mexico, California and Mississippi.

Net daily domestic production of crude oil averaged approximately 59,000 barrels in 1994, compared with 58,000 barrels in 1993. Net daily domestic production of natural gas averaged 620 million cubic feet ("MMcf") in 1994, compared with 600 MMcf in 1993.

Occidental's average price for domestic crude oil was \$14.21 per barrel in 1994, compared with \$15.54 in the previous year. The average natural gas price in 1994 was \$1.85 per thousand cubic feet ("Mcf"), compared with \$1.98 per Mcf during 1993.

Occidental completed two major acquisitions that resulted in substantial reserve additions in 1994. The purchase late in the year of Placid Oil Company added proven domestic reserves of 20.1 million barrels of oil equivalent. The acquisition of interests in oil and gas properties from Agip Petroleum Co. Inc. ("Agip") added proved reserves of 124 billion cubic feet ("Bcf") of natural gas equivalent. Combined, these acquisitions will add net daily production of 74 MMcf of natural gas and 8,200 barrels of oil from the preacquisition levels. The Agip volumes have been included in Occidental's production volumes referred to two paragraphs above since April 1, 1994.

Occidental's largest concentration of gas reserves and production is the Hugoton area encompassing portions of Kansas, Oklahoma and Texas, where it produced an average of more than 204 MMcf of gas per day or approximately one-third of the domestic total. Occidental has approximately 1 Tcf of gas reserves and 4 million barrels of oil reserves in the Hugoton region and has continued development in this region by drilling 56 infill wells and adding 25 producing wells through exploration of deeper levels in 1994.

During 1994, Occidental's development programs offshore Louisiana increased net reserves by 2.3 million barrels of oil and 15.6 Bcf of gas. In New Mexico, an eight-well drilling program in the Old Millman Ranch field added reserves in excess of 1 million barrels of oil and 2.2 Bcf of gas. Oil production also was increased in the Milne Point unit of Alaska with the drilling of 14 wells that added 3.7 million barrels of proven reserves.

Occidental's first horizontal test well in the Austin Chalk play in Louisiana's Masters Creek Field was a success. Occidental drilled the Monroe A-1 well in such field which tested at a daily rate of 2,162 barrels of oil and 6.6 MMcf of natural gas. Plans are under way to further develop the field using horizontal drilling technology. Occidental has a 100 percent working interest in the Masters Creek field and a significant leasehold interest in approximately 30,000 surrounding acres.

Occidental has an agreement to make available to certain parties, in connection with a legal settlement, up to 49,500 million British thermal units ("MMBtu") of natural gas per day through 2010 at prices related to market. Occidental also has an agreement to supply fuel gas at market prices for a CITGO Petroleum Corporation ("CITGO") refinery until 2003 to the extent that CITGO does not obtain such gas from other sources.

Additionally, Occidental has an agreement to supply CITGO, at CITGO's option, with a majority of its domestic lease crude oil and condensate production through August 31, 1998. During 1994, Occidental sold CITGO approximately 38,000 barrels of oil per day under this agreement.

Occidental has various agreements to supply certain gas marketing companies with 70,900 MMBtu of natural gas per day for 1995 and 1996 and with volumes ranging from 69,400 down to 1,900 MMBtu per day from 1997 through 2003. Prices under the different agreements are based on energy equivalent crude oil prices, market-sensitive prices or fixed-contract prices, some with a yearly escalation provision. Occidental also has agreements with various public utility companies to provide approximately 40,000 MMBtu of natural gas per day through 1997 and approximately 19,100 MMBtu per day in 1998. The public utility agreements provide for market-sensitive prices.

ARGENTINA In 1993, Occidental sold 20 percent of the stock of a subsidiary that owned Occidental's Argentina oil and gas operating interests to an Argentine company with an option to acquire Occidental's remaining 80 percent of the stock of the aforementioned subsidiary. The option was exercised in July of 1994.

Occidental's net share of production through July 1994 was 7,000 barrels per day from the various producing fields subject to Contract No. 7559 and 1,200 barrels per day from Rio Negro Norte, the two areas which comprised Occidental's Argentine producing interests.

CANADA Occidental owns an approximate 30 percent interest in CanadianOxy, which is accounted for as an equity investment. See Note 13 to the Consolidated Financial Statements.

CanadianOxy produces crude oil, natural gas, natural gas liquids and sulfur in Canada, principally in the Province of Alberta; owns a 7.2 percent interest in Syncrude Canada Ltd., which produces synthetic crude oil from the tar sands of Northern Alberta; has interests in producing oil and gas leases onshore and offshore in the United States and in the United Kingdom sector of the North Sea and Yemen; engages in exploration activities in Canada, the United States, Yemen, Indonesia, Romania, Pakistan, Kazakhstan, Egypt and Vietnam; and participates with Occidental in certain of its operations in Peru and Ecuador. CanadianOxy also conducts chemical operations in Canada.

At December 31, 1994, Occidental's proportional interest in CanadianOxy's worldwide net proved developed and undeveloped reserves aggregated approximately 41 million barrels of crude oil,

condensate and natural gas liquids, 162 Bcf of natural gas and 44 million barrels of synthetic crude oil recoverable from tar sands.

COLOMBIA Occidental conducts exploration and production operations in Colombia under three contracts with Eco petrol, the Colombian national oil company. These contracts cover the producing Cano Limon area in the Llanos region of northeastern Colombia, one exploration area in the Llanos fold belt and one exploration area in the Magdalena Valley. Occidental's interest in these contracts is through its 75 percent ownership of the stock of a subsidiary that owns the company conducting operations in Colombia. After giving effect to a government royalty, Occidental's net share of existing production is 15 percent from the contract covering the Llanos area.

All of Occidental's share of production is exported through a trans-Andean pipeline system that carries crude oil to an export terminal at Covenas. Occidental has an 18.75 percent net ownership interest in the pipeline and marine terminal. The pipeline is subject to periodic attacks by insurgent groups, which disrupt the flow of oil.

Gross production from Occidental's Cano Limon area averaged approximately 189,000 barrels per day in 1994, compared with 202,000 barrels per day in 1993.

CONGO In April 1993, Occidental signed an agreement with the Congo providing for the purchase of a share of the government's entitlement to oil from certain offshore properties. The agreement was subsequently amended to substitute the government's entitlement from fields either currently producing or scheduled for development to replace undeveloped areas included in the initial agreement. Occidental began receiving revenue from the entitlement oil in 1994. Occidental has also signed production-sharing contracts for two offshore exploration blocks and is awaiting government approval.

ECUADOR Occidental operates the 494,000-acre Block 15, in the Oriente Basin, under a risk-service contract. Five oil fields were discovered between 1985 and 1992 and production started in May 1993 from three fields. Drilling will continue until the fields are fully developed. Gross production was 21,800 barrels per day in 1994 and Occidental's net production was approximately 18,000 barrels per day.

All exploration activity has been concentrated in the western portion of the block, but continuing geologic studies have revealed more prospects around the production area and in the eastern portion. Occidental has proposed incentives that would permit new investment in exploration and provide substantial financial benefits for Ecuador.

Occidental has an 85 percent interest in the parent of the company that holds title to the block. CanadianOxy owns the remaining 15 percent.

NORTH SEA Through the purchase of Placid Oil Company in December, Occidental acquired interests in seven gas-producing licenses and six exploration licenses in the Dutch sector of the North Sea, adding 193 Bcf of gas and 466,000 barrels of condensate to Occidental's reserves at year-end. Also acquired was a 38.6 percent interest in a 170-mile gas pipeline system that services the area. Net production at the time of purchase was approximately 75 MMcf of gas per day.

OMAN Occidental is the operator, with a 65 percent working interest, of the Suneinah Block, which contains the Safah field, the Al Barakah field and the Wadi Latham field. Occidental's net share of production from the block in 1994 averaged approximately 12,300 barrels per day of crude oil, compared with 10,500 barrels per day in 1993.

PAKISTAN In northern Pakistan, Occidental is the operator, with a 45 percent working interest in the Dhurnal field and a 40 percent working interest in the Bhangali fields. Occidental's share of production from these fields in 1994 was 1,600 barrels of oil per day and 3 MMcf of gas per day. Occidental has a 35.8 percent net interest in the Ratana gas field. Gas sales for the Ratana gas field started in July 1993 and the Ratana well produced at an average rate of 6 MMcf of gas per day and 300 barrels of condensate per day in 1994.

In southern Pakistan, Occidental has a 30 percent working interest in the Badin Block, which in 1994 produced a net share of 4,700 barrels of oil per day and 43 MMcf of gas per day, compared to 5,200 barrels of oil per day and 42.7 MMcf of gas per day in 1993. Exploration of the block resulted in two oil and gas discoveries that will help maintain production at current rates. Numerous exploration wells will be drilled in 1995.

During 1994, Occidental acquired exploration rights for a 356,000-acre block in northern Pakistan, a 1.1-million-acre block in the Central Indus gas basin and four other blocks totaling 5.2 million acres.

PERU Occidental conducts exploration and production activities under three separate service contracts with the Peruvian government. Two of these contracts cover continuing operations in the northern jungle and in the northern coastal area of Talara and provide for Occidental to receive, as compensation for its services, fees, based on barrels of production, that vary with the value of a "basket" of international oils. All production is delivered to Perupetro. Occidental has a 100 percent interest in the jungle contract and a 63 percent interest in the Talara contract. The contract for Talara, signed in 1978, expires in July 1995.

Gross production from the northern jungle block averaged approximately 58,000 barrels per day in 1994, compared with 59,600 barrels per day in 1993. In the Talara area, gross production was approximately 4,800 barrels per day in 1994, compared with 5,100 barrels per day in 1993.

QATAR In October, a unified agreement was approved authorizing Occidental to implement a development plan to increase production and reserves from the Idd el Shargi North Dome field and to provide technical support and services to Qatar General Petroleum Corporation to improve production in all of Qatar's oil fields.

Under a production sharing agreement, Occidental is the operator of the field and will complete development of the field's three main reservoirs using horizontally drilled wells in conjunction with pressure maintenance by both water injection and gas injection to effect a high recovery from the reservoir. Over the 25-year life of the project, Occidental will invest over \$700 million in development capital and receive approximately 50 percent of the production from this field through profits and cost recovery. Production is expected to increase to more than 90,000 barrels per day from the initial base rate of 20,000 barrels per day and to recover approximately 570 million barrels of oil.

RUSSIA In 1992, Occidental and Chernogorneft Enterprise began operation of a fifty-fifty joint venture company, Vanyoganneft, which was formed to increase oil recovery and production from the Vanyogan and Ayogan oil fields and to sell the oil to foreign markets. The two oil fields are located 40 miles northeast of the city of Nizhnevartovsk in the western Siberian oil basin. Through well workovers, new development wells and the use of electric submersible pumps, production was increased by more than 8,000 barrels per day and reached 50,000 gross barrels per day at year-end 1993. The Russian government mandated the cessation of joint venture exports at the beginning of 1994, which caused Occidental to slow investment substantially and to reduce expatriate staff. As a result, Occidental reduced repair work and new drilling. During 1994, gross production averaged 40,000 barrels per day. Gross production for the venture during the first quarter of 1995 is averaging 46,000 barrels per day. Exports of crude oil resumed in the fourth quarter of 1994 and Occidental expects to continue to export a significant amount of its production in 1995.

In 1992, Occidental was awarded the 1.5-million-acre Block 15 in the Russian Federation's Komi Republic. A joint venture, Parmaneft, was established between Occidental, with a 75 percent interest, and Ukhtaneftegasgeologica (UNGG) to explore for oil and gas and develop discoveries within the block. During the exploration phase, Occidental is paying 100 percent of the costs. South Terekheveiskaya Parmaneft-1, the joint venture's first exploratory well drilled in 1993, tested high-gravity oil at a rate of approximately 6,400 barrels per day. The block contains a number of other prospects that may contain oil reserves. In addition to Block 15, Parmaneft acquired rights under subsurface licenses for two undeveloped Russian fields several miles southeast of Block 15. Two appraisal wells were drilled in 1994.

to determine probable well production rates and the extent of the fields. One exploratory well is planned for late 1995 or early 1996.

VENEZUELA In November 1993, Occidental executed a 20-year operating services agreement with Maraven, an affiliate of the Venezuelan national oil company, to increase oil production and reserves from existing fields in the 968,000-acre unit located just west of Lake Maracaibo. A three-year work program began in February 1994 that includes the workover and repair of existing wells, the drilling of new wells, the installation of high-rate pumping equipment in all wells and the expansion of existing production facilities to accommodate increased production. During 1994, production was increased from an initial project takeover rate of 6,000 barrels per day and averaged about 14,000 barrels per day in December. Occidental is the operator, with a 100 percent interest, and it will receive, as compensation for its services, fees based on barrels of production that vary with the values of a "basket" of international oils, inflation and accumulated production.

YEMEN In 1991, Occidental acquired an 18 percent working interest in the 6.8-million-acre Masila Block, where CanadianOxy, the operator, with a 52 percent working interest, has made 12 oil discoveries. Construction of production gathering and treating facilities, a 90-mile pipeline system and an offshore export terminal on the Gulf of Aden were completed in November 1993. Production started in July 1993 and averaged approximately 152,000 barrels per day in 1994. Occidental's net share under a production-sharing contract was 14,400 barrels per day in 1994. Drilling will continue until the fields are fully developed.

OTHER INTERNATIONAL EXPLORATION In 1992, a substantial gas and oil discovery was made in the Malampaya prospect on Block SC-38 offshore northwest Palawan Island in the Philippines. Appraisal wells confirmed that the 1989 Camago discovery by Occidental and the Malampaya discovery contain sufficient recoverable gas for a commercial project. Occidental and its partner, Shell Philippines Exploration Corporation, the operator, are formulating plans with the Philippine government to develop and market the gas. Occidental has a 50 percent working interest.

In east Malaysia, Occidental made significant gas discoveries offshore Sarawak. Occidental is the operator, with a 37.5 percent working interest. Occidental is continuing discussions with its partners to commercialize these discoveries. Additional exploration wells will be drilled in 1995.

In addition, Occidental acquired new exploration blocks in Bangladesh, China, Egypt, Tunisia, Gabon and Vietnam. During 1995, exploration activities are planned in these areas as well as on previously acquired blocks in Albania, Colombia, Malaysia and the Philippines. In 1994, Occidental was awarded blocks in Hungary and is negotiating a concession contract with the government.

Reserves, Production and Related Information

Reference is made to Note 16 to the Consolidated Financial Statements and the information appearing under the caption "Supplemental Oil and Gas Information" incorporated by reference in Item 8 of this report for information with respect to Occidental's oil and gas reserves, the production from and other changes in such reserves, the discounted present value of estimated future net cash flows therefrom, certain costs and other financial and statistical information regarding Occidental's oil and gas exploration and production operations. Estimates of reserves have been made by Occidental engineers and include reserves under which Occidental holds an economic interest under service contracts and other arrangements. The definitions used are in accordance with applicable Securities and Exchange Commission regulations. Accordingly, unless otherwise stated, all references to reserves are made on a net basis. In 1994, Occidental reported to the U.S. Department of Energy (the "DOE") on Form EIA-28 the same proved oil and gas reserves at December 31, 1993, as are set forth for that date in the information appearing under the caption "Supplemental Oil and Gas Information" contained in Occidental's 1993 Annual Report.

General

Through MidCon Corp. ("MidCon"), Occidental engages in interstate and intrastate natural gas transmission and marketing. MidCon's subsidiaries purchase, transport, store, produce and process gas and sell gas to utilities, municipalities and industrial and commercial users.

The principal subsidiaries of MidCon are: Natural Gas Pipeline Company of America ("Natural"), which owns a major interstate pipeline transmission system; MidCon Texas Pipeline Corp. ("MidCon Texas"), which, together with its subsidiaries, owns and operates intrastate pipeline systems in Texas; and MidCon Gas Services Corp. ("MidCon Gas"), which engages in the production, purchase and sale of gas and arranges for the transportation and storage of such gas. MidCon Exploration Company ("MidCon Exploration") owns fifty percent interests in federal oil and gas leases for two blocks in the Garden Banks area, offshore Louisiana. Other subsidiaries of MidCon process natural gas. Through subsidiaries, MidCon also owns interests in several gas pipeline joint ventures.

MidCon's interstate pipeline operations are subject to extensive regulation by the FERC. The FERC regulates, among other things, rates and charges for transportation of gas in interstate commerce, the construction and operation of interstate pipeline facilities and the accounts and records of interstate pipelines. Certain of MidCon Texas' rates and other aspects of its business are subject to regulation by the Texas Railroad Commission.

Order 636 was adopted by the FERC to address certain marketing advantages purportedly enjoyed by interstate pipelines over other resellers of gas. Order 636 includes requirements that interstate pipelines no longer provide a "bundled" service that uses their gas transportation and storage facilities as part of marketing gas to sales customers. As a consequence, Natural eliminated its traditional gas sales service to customers effective December 1, 1993.

When Natural discontinued merchant service on December 1, 1993, it no longer needed gas supplies to meet sales requirements. Natural has eliminated most of its gas supply contracts through termination or buyout. Of the contracts that remain, Natural's obligations are being resolved in a number of ways in order to minimize these gas supply realignment ("GSR") costs. Natural has reached settlement agreements with its former sales customers providing for recovery of a significant amount of its GSR costs. Under these settlements, which have been approved by the FERC, Natural, through monthly demand charge billings, recovers GSR costs allocated to these customers over a 48-month period that commenced in December 1993. The FERC has also permitted Natural to implement, subject to possible refund, a tariff mechanism to recover additional portions of its GSR costs in rates charged to transportation customers that were not party to the settlements. See Note 9 to the Consolidated Financial Statements.

Properties

Natural's principal facilities consist of two major interconnected transmission pipelines terminating in the Chicago metropolitan area. One line, which extends from the west Texas and New Mexico producing areas, includes approximately 7,100 miles of main pipeline and various small-diameter lines. The other line extends from the Gulf Coast areas of Texas and Louisiana and comprises approximately 5,000 miles of main pipeline and various small-diameter lines. These two main pipelines are connected at points in Texas and Oklahoma by Natural's 240-mile Amarillo/Gulf Coast ("A/G") Pipeline. A 105-mile pipeline runs from the Arkoma Basin gas-producing area of eastern Oklahoma to the A/G Pipeline.

Nine underground storage fields are operated in four states to provide services to Natural's customers and to support pipeline deliveries during the winter, when space heating demand is higher.

MidCon Texas owns and operates an intrastate pipeline system, located primarily in the Texas Gulf Coast area. The system includes approximately 2,400 miles of pipelines, supply lines, sales laterals and related facilities. A subsidiary of MidCon Texas owns a separate Texas intrastate pipeline system (the "Palo Duro System") that includes approximately 400 miles of pipeline and related facilities. The Palo Duro System is leased to a nonaffiliate. MidCon Texas operates a gas storage facility in south Texas that it leases from a partnership in which a subsidiary of MidCon Texas owns an interest.

Markets, Sales, Transportation, Storage, Production and Processing

The location of MidCon's pipelines provides access to large market areas, to most other major pipeline systems and to nearly all major North American producing areas. This permits delivery of natural gas directly or by displacement to pipeline systems serving most of the United States.

Deliveries of gas by MidCon's pipelines include volumes sold by the pipelines and their marketing affiliates and volumes owned by others which are transported. The following table sets forth in Bcf the gas volumes sold to, or transported for, nonaffiliates by Natural, MidCon Texas and MidCon Gas for each of the last three calendar years:

	1994	1993	1992
	----	----	----
Natural			
Sales	--	240	296
Transportation	1,318	1,408	1,364
MidCon Texas			
Sales	198	211	244
Transportation	215	201	238
MidCon Gas			
Sales	351	211	224

Sales volumes shown in the foregoing table for MidCon Texas include sales deliveries by its marketing subsidiaries to nonaffiliates. The table does not include gas transported by Natural for affiliates for sale to nonaffiliates of approximately 220 Bcf in 1994, 151 Bcf in 1993 and 143 Bcf in 1992. The table also does not show volumes of gas that have been auctioned by Natural following the termination of its traditional gas sales service on December 1, 1993.

As a result of the elimination of sales service by Natural, transportation and storage have become the cornerstones of Natural's business. Much of Natural's former sales service was replaced by a combined transportation and storage service. Customers purchasing this service pay monthly demand charges irrespective of gas volumes actually transported and stored, and commodity charges based upon actual gas volumes transported and actual gas volumes injected into, and withdrawn from, storage. In addition, Natural is authorized to assess separate monthly demand charges to these customers to recover a portion of the GSR costs.

The combined transportation and storage service is provided under service agreements with terms ending on December 1, 1995, in the cases of Natural's major customers. While Natural anticipates that a portion of its business with at least one of these customers will shift to other pipeline companies following the expiration of existing service agreements, Natural expects to enter into new transportation and storage service agreements with all of its major customers on terms to be negotiated. Concurrent with the

negotiations of these new service agreements and in accordance with a requirement in its last rate case settlement, Natural will file a general rate case with the FERC to set new rates for its services to be effective December 1, 1995.

Pursuant to transportation agreements and FERC tariff provisions, Natural offers both firm transportation service and interruptible transportation service. For the 1994-95 winter heating season, virtually all of the capacity on Natural's pipeline system is subscribed under firm transportation agreements. Under Natural's tariff, transportation customers pay a commodity charge for volumes actually transported, based upon the geographical location, the time of year and, in many cases, the distance of the transportation provided. Firm transportation customers pay reservation charges each month, irrespective of volumes actually transported. In addition, as in the case of the combined service described above, Natural is authorized to assess separate monthly demand charges to firm transportation customers to recover a portion of the GSR costs.

Natural also provides firm and interruptible gas storage service pursuant to storage agreements and FERC-approved tariffs. Storage customers pay a commodity charge for actual volumes injected and withdrawn and, in many cases, a monthly charge based upon volumes of gas stored. Firm storage customers pay a separate monthly demand charge irrespective of actual volumes stored.

In 1994, Natural transported about 65 percent of the natural gas delivered into its principal market, the Chicago metropolitan area. The Chicago area deliveries were primarily to three major gas distribution utility companies. Natural estimates that the end-use markets of its principal utility customers were 44 percent residential, 18 percent commercial and 38 percent industrial.

Natural's transportation competitors in the Chicago metropolitan area consist of other interstate pipelines that own facilities in the vicinity. Natural faces the prospect of increased competition in this market as other pipelines consider expansion projects to increase their capability to serve the Chicago area. Natural also furnishes transportation service for others to and from many other locations on its pipeline system and, in recent years, has increased transportation deliveries to markets outside the Chicago metropolitan area. Competition for such service may be provided by one or more other pipelines, depending upon the nature of the transportation service required. Transportation rates, service options and available pipeline capacity and, in some cases, the availability of, and rates for, storage services are the key factors in determining Natural's ability to compete for particular transportation business.

MidCon Texas and its subsidiaries make sales principally to customers located in the Houston-Beaumont and Port Arthur area of Texas and provide transportation service within the state of Texas. Intense competition exists among numerous suppliers for sales of gas to customers in MidCon Texas' sales markets. Price is the primary competitive factor. At most locations on its system, MidCon Texas faces competition from other pipelines for gas transportation business. Transportation rates and available pipeline capacity are generally the key factors in determining MidCon Texas' ability to compete for particular transportation business.

The rates for MidCon Texas' city-gate sales are subject to regulation by the Texas Railroad Commission. Other sales and transportation rates are determined by prevailing market conditions and are largely unregulated. Transportation service is provided by MidCon Texas on both a firm and an interruptible basis.

MidCon Gas makes sales of gas nationwide to local distribution companies and commercial and industrial end users. These sales arrangements frequently include peaking and swing services that MidCon Gas is able to provide through its management of contractual rights for transportation and storage capacity from MidCon's pipeline subsidiaries and other pipeline companies. Generally, sales

prices received by MidCon Gas are established by negotiation. MidCon Gas also offers a variety of fuel management services to utilities and other large volume gas users.

During 1994, MidCon subsidiaries sold approximately 125 million gallons of natural gas liquids obtained through gas processing operations. In November 1994, a joint venture of MidCon Exploration made an oil and gas discovery in the Garden Banks area, offshore Louisiana, that tested at a daily rate of approximately 10,500 barrels of oil and 11.9 MMcf of gas.

Through other subsidiaries, MidCon is exploring opportunities in emerging natural gas markets such as natural gas fueled vehicles, wholesale electric power brokering and independent electric power generation. During 1994, a MidCon subsidiary opened an office in the Philippines to pursue power generation projects in southeast Asia.

Gas Supply

As a part of its service restructuring pursuant to Order 636, Natural has reduced substantially the amount of gas supplies it has under contract and will be eliminating all supply contract obligations over time.

MidCon Texas purchases its gas supplies from producers and, to a lesser extent, from other pipeline companies or their subsidiaries. MidCon Gas purchases gas supplies from Natural at auction and from producers and other gas marketers. MidCon Gas also obtains supplies from its own production and maintains inventories of gas supplies in storage facilities of its affiliates and other pipeline companies.

Pipeline Ventures

Through subsidiaries, MidCon owns interests of from 20 to 50 percent in three pipeline ventures that operate approximately 520 miles of pipeline in the Gulf of Mexico and interests, of varying percentages, in approximately 270 miles of jointly owned supply laterals that also operate in the Gulf of Mexico. The ventures transport gas onshore from producers in the offshore Louisiana and Texas areas for various customers. Other subsidiaries of MidCon own interests of 18 and 33 1/3 percent, respectively, in two onshore pipeline ventures. These ventures operate approximately 520 miles of pipelines from Colorado to Nebraska.

CHEMICAL OPERATIONS

General

Occidental conducts its chemical operations through Occidental Chemical Corporation and its various subsidiaries and affiliates (collectively, "OxyChem"). OxyChem manufactures and markets a variety of basic chemicals, petrochemicals and polymers and plastics.

A substantial portion of OxyChem's products are principally commodity in nature, i.e., they are equivalent to products manufactured by others that are generally available in the marketplace and are produced and sold in large volumes, primarily to industrial customers for use as raw materials. Many of OxyChem's manufacturing operations are integrated, and many of its products are both sold to others and further processed by OxyChem into other chemical products.

OxyChem has been expanding and further integrating its industrial chemicals business through acquisitions and expansions of existing facilities. OxyChem also has added capacity at several of its facilities over the past few years through "debottlenecking" projects, which expand or modify portions of

existing facilities that had previously limited production, thus adding incremental capacity at a relatively low cost.

In March 1994, OxyChem received a favorable decision from Western New York Federal District Court Judge John T. Curtin stating that OxyChem was not liable to New York State for punitive damages in the Love Canal lawsuit. See Note 8 to the Consolidated Financial Statements.

In April 1994, OxyChem sold its 49 percent owned Mexican affiliate, Polifos S.A. de C.V., to Grupo Industrias Resistol. Polifos lacked any long-term strategic benefit to OxyChem, either in its base industrial phosphate business (which OxyChem exited in 1990) or as a vehicle to enter Mexico's chlor-alkali, vinyls, or petrochemicals industries in which OxyChem's strategic interests lie.

In April 1994, OxyChem announced plans to resume construction of a 66,000 tons-per-year sodium chlorate plant at Taft, Louisiana. When combined with earlier plant capacity expansions, this current expansion will increase OxyChem's total sodium chlorate production capacity to 126,000 tons annually.

In August 1994, OxyChem signed a definitive agreement with Borden Chemicals and Plastics ("Borden") for its purchase of OxyChem's Addis, Louisiana polyvinyl chloride ("PVC") production facility. In addition, OxyChem signed a definitive agreement in September 1994 with Ozite Corporation ("Ozite") for its purchase of OxyChem's Burlington South, New Jersey PVC production facility. These actions follow OxyChem's January 1994 agreement with the Federal Trade Commission ("FTC") resolving its challenge to OxyChem's 1986 acquisition of Tenneco Polymers' PVC plants. Borden's and Ozite's acquisitions of OxyChem's Addis and Burlington South plants, respectively, are contingent upon FTC approval. Until such approval is obtained, there can be no assurance that such transactions will be consummated.

In October 1994, OxyChem announced that it was exiting the chloromethane chemical business and discontinuing operations at its Belle, West Virginia plant. See the information appearing under the caption "Management's Discussion and Analysis" in the 1994 Annual Report, which is incorporated by reference in Item 7 of this report. This decision was made in light of OxyChem's strategy of supporting only those core, low-cost businesses that can significantly contribute to earnings. The Belle plant was a small plant which had been unprofitable or marginally profitable for several years.

In February 1995, OxyChem and Marubeni Corporation announced revised capacity increase plans proposing to add 700 million pounds per year of vinyl chloride monomer ("VCM") production capacity to their joint venture OxyMar plant located in Ingleside, Texas. The expansion is scheduled for completion in the middle of 1997 and will bring the facility's total capacity to more than 2.1 billion pounds per year.

OxyChem's operations are affected by cyclical factors in the general economic environment and by specific chemical industry conditions. The chemical industry in the United States was characterized in 1994 by higher sales prices and margins for many chemical products manufactured by OxyChem. Continued cost reduction efforts instituted by OxyChem also resulted in savings as compared to 1993. The integration strategy adopted by OxyChem permitted it to maintain relatively high operating rates in 1994, with similar operating rates expected to continue for 1995.

Similarly, conditions improved for the agricultural phosphate industry in 1994. Both the demand and margins for domestic and offshore phosphate fertilizers increased. As a result, OxyChem restarted its idled Swift Creek phosphoric acid production facility. 1994 was the first full year of production of a new product, clarified superphosphoric acid, and OxyChem successfully established itself in this market.

OxyChem's operations also have been affected by environmental regulation and associated costs. See the information appearing under the caption "Environmental Regulation" in this report.

Principal Products

OxyChem produces the following chemical products:

	Principal Products	Major Uses
Basic Chemicals	Chlor-alkali chemicals	
	Chlorine.....	PVC, chemical manufacturing, pulp and paper production, water treatment
	Caustic soda.....	Chemical manufacturing, pulp and paper production, cleaning products
	Potassium chemicals (including potassium hydroxide).....	Glass, fertilizers, cleaning products, rubber
	Ethylene dichloride.....	Raw material for vinyl chloride monomer
	Sodium silicates.....	Soaps and detergents, catalysts, paint pigments
	Chrome chemicals.....	Metal and wood treatments, leather tanning
Petrochemicals	Chlorinated isocyanurates.....	Swimming pool sanitation, household and industrial disinfecting and sanitizing products
	Proprietary chemicals..... (chemical intermediates derived principally from fluorine, chlorine and sulfur)	Agricultural, pharmaceutical, plastics, metal plating, aerospace and food-service applications
	Ethylene.....	Raw material for production of polyethylene, vinyl chloride monomer, ethylene glycols and other ethylene oxide derivatives
	Benzene.....	Raw material for production of styrene, phenolic polymers and nylon
	Propylene.....	Raw material for the production of polypropylene and acrylonitrile
	Ethylene glycols and other ethylene oxide derivatives.....	Polyester products, antifreeze, brake fluids
	Polymers and Plastics	Vinyl chloride monomer.....
Polyvinyl chloride.....		Film, pipe, wire insulation, flooring, footwear, bottles, siding, home construction products
Polyethylene (including high density polyethylene).....		Molded plastic, films for packaging, trash can liners
Phenolic resins/molding compounds...		Automotive brake pistons, adhesives, carbonless copy paper, pot and pan handles
Agricultural Products	Phosphoric and superphosphoric acid.....	Fertilizers
	Agricultural phosphates.....	Fertilizers and animal feeds

Based in part on statistics in chemical industry publications, Occidental believes that during 1994 it was the largest merchant marketer of chlorine and caustic soda; including OxyMar (OxyChem's joint venture with Marubeni) the largest producer of vinyl chloride monomer; the largest producer of PVC dispersion resins and chrome chemicals; the second-largest producer of sodium silicates and ethylene glycols; the sixth-largest producer of ethylene; and the largest supplier to the DOT-3 brake fluids aftermarket in the United States. Additionally, Occidental believes it was the world's largest producer of potassium hydroxide, phenolic molding compounds and chlorinated isocyanurate products and the world's largest exporter of ethylene dichloride.

Raw Materials

Nearly all raw materials utilized in OxyChem's operations that are not produced by OxyChem or acquired from affiliates are readily available from a variety of sources. Most of OxyChem's key raw materials purchases are made through short- and long-term contracts. OxyChem is not dependent on any single nonaffiliated supplier for a material amount of its raw material or energy requirements, subject to establishing alternative means of transportation or delivery in the event of the termination of arrangements with existing suppliers.

Patents, Trademarks and Processes

OxyChem owns and licenses a large number of patents and trademarks and uses a variety of processes in connection with its operations, some of which are proprietary and some of which are licensed. OxyChem does not regard its business as being materially dependent on any single patent or trademark it owns or licenses or any process it uses.

Sales and Marketing

OxyChem's products are sold primarily to industrial users or distributors located in the United States, largely by its own sales force. OxyChem sells its products principally at current market or current market-related prices through short- and long-term sales agreements. Except for sales in the export market, OxyChem generally does not use spot markets to sell products. No significant portion of OxyChem's business is dependent on a single customer. In general, OxyChem does not manufacture its products against a backlog of firm orders; production is geared primarily to the level of incoming orders and to projections of future demand.

Competition

The chemical business is very competitive. Since most of OxyChem's products are commodity in nature, they compete primarily on the basis of price, quality characteristics and timely delivery. Because OxyChem's products generally do not occupy proprietary positions, OxyChem endeavors to be an efficient, low-cost producer through the employment of modern, high-yield plants, equipment and technology. OxyChem's size and the number and location of its plants also produce competitive advantages, principally in its ability to meet customer specifications and delivery requirements.

Properties

OxyChem, which is headquartered in Dallas, Texas, operates 38 chemical product manufacturing facilities in the United States. Many of the larger facilities are located in the Gulf Coast areas of Texas and Louisiana. In addition, OxyChem operates 14 chemical product manufacturing facilities in eight foreign countries, with the most significant foreign plants being in Brazil. A number of additional facilities process, blend and store the chemical products. OxyChem also operates an open-pit phosphate rock mine in Florida. Recoverable phosphate rock reserves were estimated by OxyChem's independent engineers, DeGolyer & MacNaughton, at December 31, 1994, to be approximately 73 million tons with an

average bone phosphate-of-lime content of 66.4 percent. OxyChem uses an extensive fleet of barges and railroad cars and owns and operates a pipeline network of over 950 miles along the Gulf Coast of Texas for the transportation of ethylene, propylene and feedstocks.

All of OxyChem's manufacturing facilities are owned or leased on a long-term basis.

CAPITAL EXPENDITURES

Occidental's oil and gas operations, based on depletable resources, are capital intensive, involving large-scale expenditures. In particular, in the search for and development of new reserves, long lead times are often required. In addition, Occidental's other businesses require capital expenditures in order to remain competitive and to comply with safety and environmental laws. Occidental's capital expenditures for its ongoing businesses totaled approximately \$1.1 billion in 1994 and 1993, exclusive of the non-cash consideration for acquisitions. The 1994 amount included capital expenditures aggregating \$818 million for oil and gas, \$190 million for chemical and \$93 million for natural gas transmission. The 1994 capital expenditures reflected both the cash portion of the purchase price of certain oil and gas properties acquired from Agip and the payments under a production-sharing agreement for an enhanced oil recovery project in Qatar. Occidental's total capital expenditures, exclusive of acquisitions, if any, for 1995 are expected to approximate \$960 million, the majority of which is for oil and gas operations.

EMPLOYEES

Occidental and its subsidiaries employed a total of 19,660 persons at December 31, 1994, of whom 14,800 were located in the United States. 6,610 were employed in oil and gas operations, 2,210 in natural gas transmission operations and 10,310 in chemical operations. An additional 530 persons were employed at corporate headquarters. Approximately 2,500 U.S.-based employees are represented by labor unions.

Occidental has a long-standing policy to ensure that fair and equal employment opportunities are extended to all persons without regard to race, religion, color, sex, age, national origin, handicap or veteran status. Occidental is committed to vigorous, good-faith enforcement of this policy. Occidental maintains numerous affirmative action programs which are in effect at company locations.

ENVIRONMENTAL REGULATION

Occidental's operations in the United States are subject to increasingly stringent federal, state and local laws and regulations relating to improving or maintaining the quality of the environment. Foreign operations are also subject to environmental protection laws. Applicable U.S. laws include the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments and similar state environmental laws. The laws which require or address remediation 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. Also, Occidental and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites, including in some instances having been named as defendants, as potentially responsible parties ("PRPs"), or as both defendants and PRPs under the federal Superfund law. These proceedings seek funding for remediation, remediation, or both, and, in some cases, compensation for alleged personal injury or property damage, punitive damages and civil penalties, aggregating substantial amounts.

Occidental has accrued reserves for its environmental liabilities. As of December 31, 1994 and 1993, Occidental had environmental reserves of approximately \$635 million and \$742 million,

respectively. Occidental provided additional reserves of approximately \$4 million in 1994, \$18 million in 1993 and \$42 million in 1992 for costs associated with expected remediation efforts at a number of sites. The 1994 amount related entirely to the oil and gas division. The 1993 amount included a \$17 million provision in the oil and gas division and a \$1 million provision in the chemical division. The 1992 amount related entirely to the oil and gas division.

Occidental's estimated operating expenses in 1994 relating to compliance with environmental laws and regulations governing ongoing operations were approximately \$114 million, compared with \$110 million in 1993 and \$117 million in 1992. The 1994 amount included \$74 million in the chemical division, \$34 million in the oil and gas division and \$6 million in the natural gas transmission division. In addition, estimated capital expenditures for environmental compliance were \$67 million in 1994, compared with \$83 million in 1993 and \$80 million in 1992. The 1994 amount included \$42 million in the oil and gas division, \$24 million in the chemical division and \$1 million in the natural gas transmission division. Occidental presently estimates that divisional capital expenditures for environmental compliance (including environmental control facilities) will be approximately \$99 million in 1995 and approximately \$105 million in 1996.

ITEM 3 LEGAL PROCEEDINGS

There is incorporated by reference herein the information regarding lawsuits, claims and related matters in Note 8 to the Consolidated Financial Statements.

In 1990, Continental Trend Resources ("CTR") filed an action against OXY USA Inc. ("OXY USA") in the U.S. District Court for the Western District of Oklahoma, seeking damages for antitrust violations and tortious interference with contract. In 1991, a jury returned a verdict in favor of CTR for \$269,000 in actual damages and \$30,000,000 in punitive damages on the tortious interference claims. OXY USA appealed the judgment to the U.S. Court of Appeals for the 10th Circuit. On January 12, 1995, that Court affirmed the judgment. OXY USA has filed a petition for rehearing and has suggested that a rehearing en banc is appropriate.

In 1990, Dakota Gasification Company ("Dakota") filed an action in the U.S. District Court of North Dakota against Natural and three other purchasers of synthetic natural gas produced at a coal gasification plant in North Dakota, seeking declaratory judgment as to the validity and interpretation of four gas purchase agreements with regard to, among other things, an interpretation of the pricing provision. Dakota also alleged breach of contract, misrepresentation and intentional interference with contractual relations. On January 23, 1995, the FERC approved a definitive settlement agreement between Dakota and Natural. Settlements with the other purchaser defendants have not yet been approved by the FERC.

In 1986, the FTC initiated an administrative proceeding against OxyChem alleging that its acquisition of facilities from Tenneco Polymers, Inc. in Pasadena, Texas and Burlington South, New Jersey violated antitrust laws. The administrative complaint sought rescission of the acquisition agreement and divestiture of the acquired assets. In 1993, the FTC issued an opinion and final order of divestiture. OxyChem petitioned for review to the U.S. Court of Appeals for the Second Circuit (the "Second Circuit"). A settlement was subsequently reached under which OxyChem agreed to divest its facilities in Burlington South and, in lieu of Pasadena, Addis, Louisiana, and refrain from acquiring PVC assets for a period of 10 years without FTC approval. The Second Circuit approved the settlement in January 1994. Definitive agreements with Borden and Ozite to sell the Addis and Burlington South facilities, respectively, were subsequently negotiated. Such agreements remain subject to approval of the FTC, from which approval is not yet forthcoming.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of Occidental's security holders during the fourth quarter of 1994.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age at February 28, 1995	Positions with Occidental and Subsidiaries and Five-Year Employment History
Dr. Ray R. Irani	60	Chairman and Chief Executive Officer since 1990; President since 1984; 1984-1990, Chief Operating Officer; Director since 1984; 1983-January 1991, Chief Executive Officer of Occidental Chemical Corporation ("Occidental Chemical"); Chairman of the Board of CanadianOxy since 1986; member of Executive Committee.
Dr. Dale R. Laurance	49	Executive Vice President and Senior Operating Officer since 1990; 1984-1990, Executive Vice President--Operations; Director since 1990; member of Executive Committee.
Stephen I. Chazen	48	Executive Vice President--Corporate Development since 1994; 1990-1994, Managing Director, Merrill Lynch & Co. Incorporated.
Donald P. de Brier	54	Executive Vice President, General Counsel and Secretary since 1993; 1989-1993, General Counsel and member of the Management Committee of BP Exploration and Production Company.
Richard W. Hallock	50	Executive Vice President--Human Resources since 1994; 1993-1994, Director, Worldwide Total Compensation of IBM; 1990-1993, various other human resources positions with IBM.
J. Roger Hirl	63	Executive Vice President since 1984; Director since 1988; President and Chief Executive Officer of Occidental Chemical since 1991; 1983-1991, President and Chief Operating Officer of Occidental Chemical.
Anthony R. Leach	55	Executive Vice President and Chief Financial Officer since 1991; 1984-1991, Vice President and Controller.
David R. Martin	63	Executive Vice President since 1983; President and Chief Executive Officer of Occidental Oil and Gas Corporation since 1993; 1986-1993, President and Chief Operating Officer of Occidental Oil and Gas; Chairman of the Board of Occidental International Exploration and Production Company since 1993; 1984-1993, President of Occidental International Exploration and Production Company.

Name	Age at February 28, 1995	Positions with Occidental and Subsidiaries and Five-Year Employment History
John F. Riordan	59	Executive Vice President since 1991; Director since 1991; President and Chief Executive Officer of MidCon Corp. since 1990; 1988-1990, President and Chief Operating Officer of MidCon Corp.
Howard Collins	51	Vice President--Public Relations since 1993; 1986-1993, Director--Public Relations.
Catharine M. deLacy	37	Vice President--Health, Environment and Safety since 1993; 1990-1993, Director--Environmental Affairs and Technical Support; 1989-1990, Director--Federal Government Affairs for the Council for Solid Waste Solutions.
Samuel P. Dominick, Jr.	54	Vice President and Controller since 1991; 1990-1991, Assistant Controller--Internal Audit; 1985-1990, Director of Internal Audit.
Fred J. Gruberth	61	Vice President and Treasurer since 1992; 1978-1992, Senior Assistant Treasurer.
Kenneth J. Huffman	50	Vice President--Investor Relations since 1991; 1989-1991, Vice President--Finance, American Exploration Company.
Robert M. McGee	48	Vice President since 1994; President of Occidental International Corporation since 1991; 1981-1991, Senior Executive Vice President of Occidental International Corporation.
John W. Morgan	41	Vice President--Operations since 1991; 1984-1991, Director--Operations.
S.A. Smith	50	Vice President since 1984; Executive Vice President--Worldwide Finance and Chief Financial Officer of Occidental Oil and Gas Corporation since 1994; 1986-1994, Vice President--Financial Planning and Analysis.
James B. Taylor	56	Vice President since 1994; Executive Vice President--International Operations of Occidental Oil and Gas Corporation since 1994; Executive Vice President--Corporate Development since 1993; 1990-1993, Executive Vice President and Chief Operating Officer of CanadianOxy.
Aurmond A. Watkins, Jr.	52	Vice President--Tax since 1991; 1986-1991, Director--Taxes.

The current term of office of each Executive Officer will expire at the April 28, 1995, organizational meeting of the Occidental Board of Directors or at such time as his or her successor shall be elected.

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is hereby incorporated by reference the quarterly financial data appearing under the caption "Quarterly Financial Data" and the information appearing under the captions "Management's Discussion and Analysis--Liquidity and Capital Resources" and "--Stockholders and Market Data" in the 1994 Annual Report, relevant portions of which 1994 Annual Report are filed as Exhibit 13 to this report.

ITEM 6 SELECTED FINANCIAL DATA

There is hereby incorporated by reference the information appearing under the caption "Five-Year Summary of Selected Financial Data" in the 1994 Annual Report.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

There is hereby incorporated by reference the information appearing under the caption "Management's Discussion and Analysis" in the 1994 Annual Report.

INDEX TO FINANCIAL STATEMENTS AND RELATED INFORMATION

	Pages	
	----- Annual Report -----	----- Form 10-K -----
Financial Statements and Supplementary Data (pages 21 through 58 and pages 60 through 68 of Occidental's 1994 Annual Report incorporated herein by reference):		--
Consolidated Statements of Operations	33	--
Consolidated Balance Sheets	34 - 35	--
Consolidated Statements of Nonredeemable Preferred Stock, Common Stock and Other Stockholders' Equity	36	--
Consolidated Statements of Cash Flows	37	--
Notes to Consolidated Financial Statements	38 - 58	--
Report of Independent Public Accountants	60	--
Quarterly Financial Data	61 - 62	--
Supplemental Oil and Gas Information	63 - 68	--
Report of Independent Public Accountants	--	20
Financial Statement Schedule:		
II Valuation and Qualifying Accounts for the years ended December 31, 1994, 1993 and 1992	--	21

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors, Occidental Petroleum Corporation:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in Occidental Petroleum Corporation's Annual Report for the year ended December 31, 1994, incorporated by reference in this Annual Report on Form 10-K, and have issued our report thereon dated February 3, 1995. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The financial statement schedule listed in the Index to Financial Statements and Related Information is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and regulations under the Securities Exchange Act of 1934 and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Our report on the consolidated financial statements includes an explanatory paragraph with respect to the adoption by the Company, effective January 1, 1992, of Statement of Financial Accounting Standards No. 106 and No. 109, as discussed in Note 4 to the consolidated financial statements.

Los Angeles, California
February 3, 1995

ARTHUR ANDERSEN LLP

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

(In millions)

	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts		
1994					
Allowance for doubtful accounts	\$ 13	\$ 6	\$ --	\$ (2)	\$ 17
Environmental	\$ 742	\$ 4	\$ 51	\$ (162) (a)	\$ 635
Contract impairment	165	--	--	(24) (b)	141
Foreign and other taxes, litigation and other reserves	818	190	84	(90) (a)	1,002
	\$ 1,725	\$ 194	\$ 135	\$ (276)	\$ 1,778 (c)
1993					
Allowance for doubtful accounts	\$ 22	\$ 3	\$ 3	\$ (15)	\$ 13
Environmental	\$ 808	\$ 18	\$ 8	\$ (92) (a)	\$ 742
Contract impairment	494	--	--	(329) (b)	165
Foreign and other taxes, litigation and other reserves	1,347	7	149	(685) (d)	818
	\$ 2,649	\$ 25	\$ 157	\$ (1,106)	\$ 1,725 (c)
1992					
Allowance for doubtful accounts	\$ 17	\$ 4	\$ 5	\$ (4)	\$ 22
Environmental	\$ 883	\$ 42	\$ 4	\$ (121) (a)	\$ 808
Contract impairment	567	--	292 (e)	(365) (b)	494
Foreign and other taxes, litigation and other reserves	763	591	72	(79) (a)	1,347
	\$ 2,213	\$ 633	\$ 368	\$ (565)	\$ 2,649 (c)

(a) Primarily represents payments.

(b) Primarily represents the reduction of the reserve to reflect a decrease in the net exposure under disadvantageous gas purchase contracts, the elimination of certain potential claims, the successful resolution of litigation, settlements or other changes in the expected outcome of matters covered by the reserve.

(c) Of these amounts, \$197 million, \$184 million and \$160 million in 1994, 1993 and 1992, respectively, is classified as current.

(d) Primarily represents reversal of reserves no longer required.

(e) Primarily represents the effect of the adoption of Statement of Financial Accounting Standards No. 109, effective January 1, 1992, which eliminated the previously used net-of-tax accounting for assets and liabilities related to purchased businesses.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

There is hereby incorporated by reference the information regarding Occidental's directors appearing under the caption "Election of Directors" in Occidental's definitive proxy statement filed in connection with its April 28, 1995, Annual Meeting of Stockholders (the "1995 Proxy Statement"). See also the list of Occidental's executive officers and related information under "Executive Officers of the Registrant" in Part I hereof.

ITEM 11 EXECUTIVE COMPENSATION

There is hereby incorporated by reference the information appearing under the captions "Executive Compensation" (excluding, however, the information appearing under the subcaptions "Report of the Compensation Committee" and "Performance Graphs") and "Election of Directors--Information Regarding the Board of Directors and Its Committees" in the 1995 Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

There is hereby incorporated by reference the information with respect to security ownership appearing under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 1995 Proxy Statement.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There is hereby incorporated by reference the information appearing under the caption "Election of Directors--Compensation Committee Interlocks and Insider Participation" in the 1995 Proxy Statement.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) AND (2). FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

Reference is made to the Index to Financial Statements and Related Information under Item 8 in Part II hereof, where these documents are listed.

(a)(3). EXHIBITS

- 3.(i) Restated Certificate of Incorporation of Occidental, together with all certificates amendatory thereof filed with the Secretary of State of Delaware through December 23, 1994.
- 3.(ii) By-laws of Occidental, as amended through December 15, 1994.

- 4.1* Occidental Petroleum Corporation Credit Agreement, dated as of October 20, 1994 (filed as Exhibit 4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).
- 4.2 Instruments defining the rights of holders of other long-term debt of Occidental and its subsidiaries are not being filed since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Occidental and its subsidiaries on a consolidated basis. Occidental agrees to furnish a copy of any such instrument to the Commission upon request.
- All of the Exhibits numbered 10.1 to 10.26 are management contracts and compensatory plans required to be identified specifically as responsive to Item 601(b)(10)(iii)(A) of Regulation S-K.
- 10.1* Employment Agreement, dated May 1, 1993, between Occidental and David R. Martin (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending June 30, 1993, File No. 1-9210).
- 10.2* Amendment No. 1, dated May 14, 1993, between Occidental and Mr. Martin, to Employment Agreement, dated May 1, 1993 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending June 30, 1993, File No. 1-9210).
- 10.3* Consultation Agreement, dated December 16, 1974, between Occidental Petroleum Corporation, a California corporation, and Arthur Groman (filed as Exhibit 10.3 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1987, File No. 1-9210).
- 10.4* Employment Agreement, dated as of May 14, 1992, between Occidental and J. Roger Hirl (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1992, File No. 1-9210).
- 10.5* Employment Agreement, dated November 16, 1991, between Occidental and Dr. Ray R. Irani (filed as Exhibit 10.5 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1991, File No. 1-9210).
- 10.6* Employment Agreement, dated September 16, 1993, between Occidental and Dr. Dale R. Laurance (filed as Exhibit 10.7 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1993, File No. 1-9210).
- 10.7* Employment Agreement, dated as of May 14, 1992, between Occidental and John F. Riordan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1992, File No. 1-9210).
- 10.8* Termination of Consulting Agreement and Release, dated November 11, 1993, between OXY USA Inc. and George O. Nolley (filed as Exhibit 10.9 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1993, File No. 1-9210).

* Incorporated herein by reference.

- 10.9* Form of Indemnification Agreement between Occidental and each of its directors (filed as Exhibit B to Occidental's Proxy Statement for its May 21, 1987, Annual Meeting of Stockholders, File No. 1-9210).
- 10.10* Occidental Petroleum Corporation Split Dollar Life Insurance Program and Related Documents (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).
- 10.11* Occidental Petroleum Insured Medical Plan, as amended and restated effective April 29, 1994, amending and restating the Occidental Petroleum Corporation Executive Medical Plan (As Amended and Restated Effective April 1, 1993) (filed as Exhibit 10 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending March 31, 1994, File No. 1-9210).
- 10.12* Occidental Petroleum Corporation 1978 Stock Option Plan (as amended and restated effective May 21, 1987) (filed as Exhibit 28(a) to Occidental's Registration Statement on Form S-8, File No. 33-14662).
- 10.13* Form of Nonqualified Stock Option Grant under Occidental Petroleum Corporation 1978 Stock Option Plan (filed as Exhibit 10.19 to the Registration Statement on Form 8-B, dated June 26, 1986, of Occidental, File No. 1-9210).
- 10.14* Form of Incentive Stock Option Grant under Occidental Petroleum Corporation 1978 Stock Option Plan (filed as Exhibit 10.20 to the Registration Statement on Form 8-B, dated June 26, 1986, of Occidental, File No. 1-9210).
- 10.15* Occidental Petroleum Corporation 1987 Stock Option Plan, as amended through April 29, 1992 (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.16* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.17* Form of Nonqualified Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.18* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.19* Form of Incentive Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.20* Occidental Petroleum Corporation 1977 Executive Long-Term Incentive Stock Purchase Plan, as amended through December 10, 1992 (filed as Exhibit 10.20 to the

* Incorporated herein by reference.

Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1992, File No. 1-9210).

- 10.21* Form of award letter utilized under Occidental Petroleum Corporation 1977 Executive Long-Term Incentive Stock Purchase Plan (filed as Exhibit 10.21 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1992, File No. 1-9210).
- 10.22* Occidental Petroleum Corporation Senior Executive Supplemental Retirement Plan, Senior Executive Supplemental Life Insurance Plan and Senior Executive Deferred Compensation Plan, all effective as of January 1, 1986, as amended and restated effective as of January 1, 1989 (filed as Exhibit 10.21 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1988, File No. 1-9210).
- 10.23* Occidental Petroleum Corporation Senior Executive Survivor Benefit Plan, effective as of January 1, 1986, as amended and restated effective as of January 1, 1990 (filed as Exhibit 10.22 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1989, File No. 1-9210).
- 10.24* Occidental Petroleum Corporation Incentive Compensation Plan, effective as of October 28, 1991 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1991, File No. 1-9210).
- 10.25* Occidental Petroleum Corporation 1988 Deferred Compensation Plan (as amended and restated effective as of January 1, 1994) (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).
- 10.26* Memorandum, dated February 8, 1990, regarding MidCon Corp. Financial Counseling Program (filed as Exhibit 10.29 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1989, File No. 1-9210).
- 11 Statement regarding computation of earnings per common and common equivalent share and fully diluted earnings per share for the three years ended December 31, 1994.
- 12 Statement regarding computation of total enterprise ratios of earnings to fixed charges for the five years ended December 31, 1994.
- 13 Pages 21 through 58 and pages 60 through 68 of Occidental's Annual Report for the fiscal year ended December 31, 1994, which are incorporated by reference in Parts I and II of this Annual Report on Form 10-K.
- 21 List of subsidiaries of Occidental at December 31, 1994.
- 23 Consent of Independent Public Accountants.
- 27 Financial data schedule of Occidental for the fiscal year ended December 31, 1994.

* Incorporated herein by reference.

(b) REPORTS ON FORM 8-K

During the fourth quarter of 1994, Occidental filed the following Current Report on Form 8-K:

1. Current Report on Form 8-K dated October 19, 1994 (date of earliest event reported), filed on October 20, 1994, for the purpose of reporting, under Item 5, Occidental's results of operations for the third quarter ended September 30, 1994.

During the first quarter of 1995 to the date hereof, Occidental filed the following Current Report on Form 8-K:

1. Current Report on Form 8-K dated January 25, 1995 (date of earliest event reported), filed on January 26, 1995, for the purpose of reporting, under Item 5, Occidental's results of operations for the fourth quarter and fiscal year ended December 31, 1994.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

March 16, 1995

By: RAY R. IRANI

 Ray R. Irani
 Chairman of the Board of Directors,
 President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
RAY R. IRANI ----- Ray R. Irani	Chairman of the Board of Directors, President and Chief Executive Officer	March 16, 1995
ANTHONY R. LEACH ----- Anthony R. Leach	Executive Vice President and Chief Financial Officer	March 16, 1995
SAMUEL P. DOMINICK, JR. ----- Samuel P. Dominick, Jr.	Vice President and Controller (Chief Accounting Officer)	March 16, 1995
----- Albert Gore	Director	March __, 1995
ARTHUR GROMAN ----- Arthur Groman	Director	March 16, 1995

SIGNATURE -----	TITLE -----	DATE -----
J. ROGER HIRL ----- J. Roger Hirl	Director	March 16, 1995
JOHN W. KLUGE ----- John W. Kluge	Director	March 16, 1995
DALE R. LAURANCE ----- Dale R. Laurance	Director	March 16, 1995
IRVIN W. MALONEY ----- Irvin W. Maloney	Director	March 16, 1995
GEORGE O. NOLLEY ----- George O. Nolley	Director	March 16, 1995
JOHN F. RIORDAN ----- John F. Riordan	Director	March 16, 1995
RODOLFO SEGOVIA ----- Rodolfo Segovia	Director	March 16, 1995
AZIZ D. SYRIANI ----- Aziz D. Syriani	Director	March 16, 1995
ROSEMARY TOMICH ----- Rosemary Tomich	Director	March 16, 1995

EXHIBIT

-
- 3.(i) Restated Certificate of Incorporation of Occidental, together with all certificates amendatory thereof filed with the Secretary of State of Delaware through December 23, 1994.
- 3.(ii) By-laws of Occidental, as amended through December 15, 1994.
- 4.1* Occidental Petroleum Corporation Credit Agreement, dated as of October 20, 1994 (filed as Exhibit 4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).
- 4.2 Instruments defining the rights of holders of other long-term debt of Occidental and its subsidiaries are not being filed since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Occidental and its subsidiaries on a consolidated basis. Occidental agrees to furnish a copy of any such instrument to the Commission upon request.
- All of the Exhibits numbered 10.1 to 10.26 are management contracts and compensatory plans required to be identified specifically as responsive to Item 601(b)(10)(iii)(A) of Regulation S-K.
- 10.1* Employment Agreement, dated May 1, 1993, between Occidental and David R. Martin (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending June 30, 1993, File No. 1-9210).
- 10.2* Amendment No. 1, dated May 14, 1993, between Occidental and Mr. Martin, to Employment Agreement, dated May 1, 1993 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending June 30, 1993, File No. 1-9210).
- 10.3* Consultation Agreement, dated December 16, 1974, between Occidental Petroleum Corporation, a California corporation, and Arthur Groman (filed as Exhibit 10.3 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1987, File No. 1-9210).
- 10.4* Employment Agreement, dated as of May 14, 1992, between Occidental and J. Roger Hirl (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1992, File No. 1-9210).
- 10.5* Employment Agreement, dated November 16, 1991, between Occidental and Dr. Ray R. Irani (filed as Exhibit 10.5 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1991, File No. 1-9210).
- 10.6* Employment Agreement, dated September 16, 1993, between Occidental and Dr. Dale R. Laurance (filed as Exhibit 10.7 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1993, File No. 1-9210).

* Incorporated herein by reference.

EXHIBIT

- 10.7* Employment Agreement, dated as of May 14, 1992, between Occidental and John F. Riordan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended June 30, 1992, File No. 1-9210).
- 10.8* Termination of Consulting Agreement and Release, dated November 11, 1993, between OXY USA Inc. and George O. Nolley (filed as Exhibit 10.9 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1993, File No. 1-9210).
- 10.9* Form of Indemnification Agreement between Occidental and each of its directors (filed as Exhibit B to Occidental's Proxy Statement for its May 21, 1987, Annual Meeting of Stockholders, File No. 1-9210).
- 10.10* Occidental Petroleum Corporation Split Dollar Life Insurance Program and Related Documents (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).
- 10.11* Occidental Petroleum Insured Medical Plan, as amended and restated effective April 29, 1994, amending and restating the Occidental Petroleum Corporation Executive Medical Plan (As Amended and Restated Effective April 1, 1993) (filed as Exhibit 10 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ending March 31, 1994, File No. 1-9210).
- 10.12* Occidental Petroleum Corporation 1978 Stock Option Plan (as amended and restated effective May 21, 1987) (filed as Exhibit 28(a) to Occidental's Registration Statement on Form S-8, File No. 33-14662).
- 10.13* Form of Nonqualified Stock Option Grant under Occidental Petroleum Corporation 1978 Stock Option Plan (filed as Exhibit 10.19 to the Registration Statement on Form 8-B, dated June 26, 1986, of Occidental, File No. 1-9210).
- 10.14* Form of Incentive Stock Option Grant under Occidental Petroleum Corporation 1978 Stock Option Plan (filed as Exhibit 10.20 to the Registration Statement on Form 8-B, dated June 26, 1986, of Occidental, File No. 1-9210).
- 10.15* Occidental Petroleum Corporation 1987 Stock Option Plan, as amended through April 29, 1992 (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.16* Form of Nonqualified Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.17* Form of Nonqualified Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).

* Incorporated herein by reference.

EXHIBIT

- 10.18* Form of Incentive Stock Option Agreement under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.19* Form of Incentive Stock Option Agreement, with Stock Appreciation Right, under Occidental Petroleum Corporation 1987 Stock Option Plan (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended March 31, 1992, File No. 1-9210).
- 10.20* Occidental Petroleum Corporation 1977 Executive Long-Term Incentive Stock Purchase Plan, as amended through December 10, 1992 (filed as Exhibit 10.20 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1992, File No. 1-9210).
- 10.21* Form of award letter utilized under Occidental Petroleum Corporation 1977 Executive Long-Term Incentive Stock Purchase Plan (filed as Exhibit 10.21 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1992, File No. 1-9210).
- 10.22* Occidental Petroleum Corporation Senior Executive Supplemental Retirement Plan, Senior Executive Supplemental Life Insurance Plan and Senior Executive Deferred Compensation Plan, all effective as of January 1, 1986, as amended and restated effective as of January 1, 1989 (filed as Exhibit 10.21 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1988, File No. 1-9210).
- 10.23* Occidental Petroleum Corporation Senior Executive Survivor Benefit Plan, effective as of January 1, 1986, as amended and restated effective as of January 1, 1990 (filed as Exhibit 10.22 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1989, File No. 1-9210).
- 10.24* Occidental Petroleum Corporation Incentive Compensation Plan, effective as of October 28, 1991 (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1991, File No. 1-9210).
- 10.25* Occidental Petroleum Corporation 1988 Deferred Compensation Plan (as amended and restated effective as of January 1, 1994) (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q of Occidental for the quarterly period ended September 30, 1994, File No. 1-9210).
- 10.26* Memorandum, dated February 8, 1990, regarding MidCon Corp. Financial Counseling Program (filed as Exhibit 10.29 to the Annual Report on Form 10-K of Occidental for the fiscal year ended December 31, 1989, File No. 1-9210).
- 11 Statement regarding computation of earnings per common and common equivalent share and fully diluted earnings per share for the three years ended December 31, 1994.
- 12 Statement regarding computation of total enterprise ratios of earnings to fixed charges for the five years ended December 31, 1994.

* Incorporated herein by reference.

EXHIBIT

- 13 Pages 21 through 58 and pages 60 through 68 of Occidental's Annual Report for the fiscal year ended December 31, 1994, which are incorporated by reference in Parts I and II of this Annual Report on Form 10-K.
- 21 List of subsidiaries of Occidental at December 31, 1994.
- 23 Consent of Independent Public Accountants.
- 27 Financial data schedule of Occidental for the fiscal year ended December 31, 1994.

* Incorporated herein by reference.

RESTATED
CERTIFICATE OF INCORPORATION
OF
OCCIDENTAL PETROLEUM CORPORATION

The undersigned, Gerald M. Stern and Paul C. Hebner, certify that they are the President and the Secretary, respectively, of Occidental Petroleum Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), and do hereby further certify as follows:

1. The name of the Corporation is Occidental Petroleum Corporation, the name under which it was originally incorporated.

2. The original Certificate of Incorporation of the Corporation was filed in the Office of the Secretary of State of the State of Delaware on April 9, 1986.

3. This Restated Certificate of Incorporation was duly adopted by the written consent of the stockholders of the Corporation in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.

4. The text of the Certificate of Incorporation of the Corporation as amended hereby is restated to read in its entirety, as follows:

ARTICLE I

The name of the Corporation is OCCIDENTAL PETROLEUM CORPORATION.

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "GCL").

ARTICLE IV

The Corporation is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The amount of total authorized capital stock of the Corporation is 450,000,000 shares, divided into 400,000,000 shares of Common Stock, par value \$.20 per share, and 50,000,000 shares of Preferred Stock, par value \$1.00 per share.

The Preferred Stock may be issued in one or more series. The Board of Directors is hereby authorized to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any series and the designation, relative powers, preferences and rights and qualifications, limitations or restrictions of all shares of such series. The authority of the Board of Directors with respect to each series shall include, without limiting the generality of the foregoing, the determination of any or all of the following:

(a) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;

(b) the voting powers, if any, and whether such voting powers are full or limited, in any such series;

(c) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;

(d) whether dividends, if any, shall be cumulative or noncumulative, the dividend rate, or method of determining the dividend rate, of such series, and the dates and preferences of dividends on such series;

(e) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Corporation;

(f) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Corporation or any other corporation, and the price or prices or the rates of exchange applicable thereto;

(g) the right, if any, to subscribe for or to purchase any securities of the Corporation or any other corporation;

(h) the provisions, if any, of a sinking fund applicable to such series; and

(i) any other relative, participating, optional or other special powers, preferences, rights, qualifications, limitations or restrictions thereof;

all as shall be determined from time to time by the Board of Directors and shall be stated in a resolution or resolutions providing for the issuance of such Preferred Stock (a "Preferred Stock Designation").

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, with all such holders voting as a single class.

Each holder of Common Stock of the Corporation entitled to vote shall have one vote for each share thereof held.

Except as may be provided by the Board of Directors in a Preferred Stock Designation or by law, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, and holders of Preferred Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote or consent.

The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

ARTICLE V

A. Subject to any rights granted in a Preferred Stock Designation to any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing of such stockholders.

B. No vote at any meeting of stockholders need be by written ballot unless the Board of Directors, in its discretion, or the officer of the Corporation presiding at the meeting, in his discretion, specifically directs the use of a written ballot.

C. Special meetings of the stockholders of the Corporation for any purpose or purposes may be called at any time by the Board of Directors or the Chairman of the Board of Directors. Special meetings of stockholders of the Corporation may not be called by any other person or persons.

ARTICLE VI

A. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than fourteen nor more than seventeen directors, or such greater number as is provided for in the following paragraph. The Board of Directors shall initially consist of fourteen directors, until the exact number is changed from time to time within the foregoing limits by, or in such manner as may be provided in, the By-laws of the Corporation. The directors shall be divided into three classes, consisting initially of four, five and five directors and designated Class I, Class II and Class III, respectively. Each director shall serve for a term ending at the annual meeting in the third year following the annual meeting at which such director is elected, provided, however, that the terms of the directors first elected to Class I shall end at the annual meeting in 1987, the terms of the directors first elected to Class II shall end at the annual meeting in 1988, and the terms of the directors first elected to Class III shall end at the annual meeting in 1989; and provided, further, that each director shall hold office after the annual meeting at which his term is scheduled to end until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, disqualification or removal from office. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible. Any director elected to fill a newly created directorship resulting from an increase in any class shall hold office for a term that shall coincide with the remaining term of the other directors of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same term as the remaining term of his predecessor. In no case will a decrease in the number of directors shorten the term of any incumbent director. Any newly created directorship resulting from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy on the Board of Directors may be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Certificate of Incorporation applicable thereto, and such directors so elected shall be in addition to the number of directors provided for in the preceding paragraph, and shall not be divided into classes pursuant to this Article VI unless expressly provided by such terms.

B. The directors shall have the power to adopt, amend or repeal the By-laws of the Corporation.

ARTICLE VII

Meetings of stockholders may be held within or without the State of Delaware, as the By-laws of the Corporation may provide. The books of the Corporation may be kept (subject to any provision contained in applicable law) outside the State of Delaware at such place as may be designated from time to time by the Board of Directors or the By-laws of the Corporation.

ARTICLE VIII

The Corporation reserves the right to amend, alter, change or repeal any provision contained in the Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, Occidental Petroleum Corporation has caused this Restated Certificate of Incorporation to be duly executed in its corporate name this 16th day of May, 1986.

OCCIDENTAL PETROLEUM CORPORATION

BY: /s/ Gerald M. Stern

Attest:

BY: /s/ Paul C. Hebner

(Corporate Seal)

CERTIFICATE OF DESIGNATION OF THE VOTING POWERS, DESIGNATION, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS OF THE SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

PURSUANT TO SECTION 151 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

Occidental Petroleum Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware ("this corporation"), does hereby certify that, pursuant to authority conferred upon the Board of Directors of this corporation by its Restated Certificate of Incorporation, and, pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware, said Board of Directors, by unanimous written consent, adopted the following resolutions which resolutions remain in full force and effect on the date hereof:

RESOLVED, that pursuant to the authority conferred upon the Board of Directors by Article IV of the Restated Certificate of Incorporation of this corporation there is hereby established a series of the authorized preferred stock of this corporation having a par value of \$1.00 per share, which series shall be designated as "Series A Junior Participating Preferred Stock", shall consist of 2,000,000 shares having the designation, preferences, relative, participating, optional or other special rights and qualifications, limitations and restrictions thereof that are set forth in this resolution as follows:

1.(A) Subject to the prior and superior rights of the holders of any shares of any series of preferred stock ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock shall be entitled to receive when and as declared by the Board of Directors, out of funds legally available therefor, cash dividends payable quarterly on the first days of January, April, July and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (i) \$5.00 or (ii), subject to the provision for adjustment hereinafter set forth, an amount equal to (a) 100 times the aggregate per share amount of all cash dividends, plus (b) 100 times the aggregate per share amount (payable in kind) of all noncash dividends or other distributions other than a dividend payable in shares of Common Stock, a distribution in shares of Common Stock to the holders of the Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value \$.20 per share, of this corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event that this corporation shall, at any time after October 17, 1986 (the "Rights Declaration Date"), (1) pay any dividend on the Common Stock payable in shares of Common Stock or make a distribution in shares of Common Stock to the holders of the Common Stock, (2) subdivide the outstanding shares of Common Stock, or (3) combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, and in each such case, the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (ii) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) This corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in subparagraph (A) of this paragraph 1 immediately after this

corporation declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event that no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$5.00 per share on the Series A Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 60 days prior to the date fixed for the payment thereof.

(D) Unless all quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in this paragraph 1 have been paid or set apart for payment, this corporation shall not:

(i) declare or pay dividends on or make any other distributions on any shares of Common Stock or other stock ranking junior (as to dividends) to the Series A Junior Participating Preferred Stock; or

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (as to dividends) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears, in proportion to the total amounts to which the holders of all such shares are then entitled.

2. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters to come before the stockholders of this corporation. In the event that this corporation shall, at any time after the Rights Declaration Date, (i) pay any dividend on the Common Stock payable in shares of Common Stock or make a distribution in shares of Common Stock to the holders of the Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, and in each such case, the number of votes per share to which each holder of shares of Series A Junior Participating Preferred Stock was entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided by law, or by the Restated Certificate of Incorporation of this corporation, or by this resolution, the holders of shares of Series A Junior Participating

Preferred Stock shall vote with the holders of the outstanding shares of the Common Stock and of any other series of preferred stock entitled to vote in such manner, and not as a separate class or series.

(C) If at any time the amount of any dividends on Series A Junior Participating Preferred Stock which have accrued, and which have not been paid or declared and a sum sufficient for the amount thereof set apart, is at least equal to the amount of six quarterly dividends (unless any other series of preferred stock has a lesser number than six, in which case such lesser number), the holders of Series A Junior Participating Preferred Stock, voting as a class together with all other shares of preferred stock having the then present right to elect one or more directors as a result of a dividend arrearage, but not then entitled to other separate voting rights to elect one or more directors, shall be entitled to and may elect two directors. In the event that such holders, voting as a class, elect two directors, the remaining directors shall be elected by the holders of the other shares of capital stock of this corporation then entitled to vote for the election of directors without rights of the holders of Series A Junior Participating Preferred Stock to participate in the election of such remaining directors. Such special voting rights of the holders of Series A Junior Participating Preferred Stock shall continue only until all quarterly dividends accrued on Series A Junior Participating Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set apart. Thereafter, at any meeting of stockholders at which directors are to be elected, the terms of said directors theretofore elected by the holders of Series A Junior Participating Preferred Stock shall expire. The directors to be elected by the holders of Series A Junior Participating Preferred Stock shall be elected at annual meetings of the stockholders of this corporation and, except as hereinbefore provided, shall serve until the next annual meeting of the stockholders and until their successors shall have been elected and qualified; provided, however, that, if at any time after such election there shall be a vacancy in any office of director to be elected by the holders of Series A Junior Participating Preferred Stock, the Secretary of this corporation may, and upon the written request of the holders of record of 5% or more of the number of shares of Series A Junior Participating Preferred Stock then outstanding shall, call a special meeting of the holders of Series A Junior Participating Preferred Stock for the purpose of filling any vacancy or vacancies then existing. If the Secretary of this corporation shall fail to call any such meeting within 10 days after any such request, such meeting may be called by any holder of Series A Junior Participating Preferred Stock designated for that purpose by the holders of record of 5% or more of the number of shares of Series A Junior Participating Preferred Stock then outstanding. Notwithstanding the foregoing, the Secretary shall not be required, and the holders of Series A Junior Participating Preferred Stock shall not be entitled, to call such meeting in the case of any such request received by this corporation less than 90 days before the date fixed for any annual meeting of stockholders, and, if in such case such special meeting is not called, the holders of Series A Junior Participating Preferred Stock shall be entitled to vote at such annual meeting to fill any such vacancy. Whenever it is provided in this subparagraph (C) that the holders of the Series A Junior Participating Preferred Stock are entitled to vote to elect two directors or a replacement therefor, such holders shall vote as a class together with all other shares of preferred stock having the then present right to elect one or more directors as a result of a dividend arrearage but not then entitled to other separate voting rights to elect one or more directors.

3.(A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of this corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received \$100 per share, plus an amount equal to accrued dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the

Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph (C) of this paragraph 3 to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii) above, the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Junior Participating Preferred Stock and Common Stock, respectively, holders of Series A Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively. Neither the consolidation or merger of this corporation with or into any other corporation or corporations nor the sale or lease of all or substantially all the assets of this corporation shall be deemed to be a liquidation, dissolution or winding up of this corporation within the meaning of any of the provisions of this subparagraph (A).

(B) In the event that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series A Junior Participating Preferred Stock, then the available assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such assets as remain after payment of the Series A Liquidation Preference and the liquidation preferences of such parity shares shall be distributed ratably to the holders of Common Stock.

(C) In the event that this corporation shall, at any time after the Rights Declaration Date, (i) pay any dividend on the Common Stock payable in shares of Common Stock or make a distribution in shares of Common Stock to the holders of the Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, and in each such case, the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

4.(A) Subject to the provisions of subparagraph (D) of this paragraph 4, the shares of Series A Junior Participating Preferred Stock may be redeemed, at the option of the Board of Directors, in whole or from time to time in part, at any time after the first issuance of a share or a fraction of a share of Series A Junior Participating Preferred Stock, at a redemption price per share equal to the greater of (i) \$100.00 and (ii), subject to the provision for adjustment as set forth in subparagraph (B) of this paragraph 4, an amount equal to 100 times the "current per share market price" of the Common Stock on the date of the mailing of the notice of redemption, plus, in each case, dividends accrued to the date fixed for redemption. The "current per share market price" on any date shall be deemed to be the average of the daily closing prices per share of the Common Stock for the 10 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that, in the event that the "current per share market price" of the Common Stock is determined with respect to any date occurring during any period following the announcement by this corporation of (a) a dividend or distribution on the Common Stock payable in shares of the Common Stock or securities convertible or exchangeable into shares of the Common Stock (other than the rights issuable under the terms of that certain rights agreement, dated as of October 17, 1986, between this corporation and The Chase Manhattan Bank (National Association), as Rights Agent), or (b) any subdivision, combination or reclassification of the Common Stock, and, if the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, shall occur during the requisite 10 consecutive Trading Day period, then, and in each such case, such "current per share market price" shall be properly adjusted to take into account ex-dividend trading or such record date. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such day, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange, Inc. or, if the

Common Stock is not listed or admitted to trading on the New York Stock Exchange. Inc., as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices, in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System or such other system then in use or, if on any such date the Common Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board of Directors. If on any such date no such market maker is making a market in the Common Stock, the closing price for such date shall be the fair value of the Common Stock on such date as determined by the Board of Directors. If the Common Stock is not publicly held or not so listed or traded, "current per share market price" of the Common Stock shall mean the fair value per share of the Common Stock as determined by the Board of Directors. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the Common Stock is listed or admitted to trading is open for the transaction of business or, if the Common Stock is not listed or admitted to trading on any national securities exchange, a Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in the State of New York are not authorized or obligated by law or executive order to close.

(B) In the event that this corporation shall, at any time after the Rights Declaration Date, (i) pay any dividend on the Common Stock payable in shares of Common Stock or make a distribution in shares of Common Stock to the holders of the Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, and in each such case, the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (ii) of the first sentence of subparagraph (A) of this paragraph 4 shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately prior to such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately after such event.

(C) Notice of every redemption shall be published at least once not less than 20 days nor more than 60 days prior to the date fixed for redemption in a daily newspaper printed in the English language and published and of general circulation in the City of Los Angeles, California, and in a daily newspaper printed in the English language and published and of general circulation in the Borough of Manhattan, City and State of New York. Notice of every such redemption shall also be mailed, not less than 20 days nor more than 60 days prior to the date fixed for redemption, to the holders of record of the shares of Series A Junior Participating Preferred Stock to be redeemed, at their respective addresses as the same appear upon the books of this corporation or supplied by them to this corporation for the purpose of such notice; but no failure to mail such notice to particular stockholders or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Series A Junior Participating Preferred Stock. In case of redemption of less than all of the Series A Junior Participating Preferred Stock at the time outstanding, this corporation shall select shares so to be redeemed as nearly as practicable pro rata or by lot, in such manner as the Board of Directors may determine.

If notice of any redemption by this corporation shall have been mailed as hereinbefore provided and if before the redemption date specified in such notice all funds necessary for such redemption shall have been set apart so as to be available therefor and only therefor, then, on and after the close of business on the date fixed for redemption, the shares of Series A Junior Participating Preferred Stock called for redemption, notwithstanding that any certificate therefor shall not have been surrendered for cancellation, shall no longer be deemed to be outstanding, and all rights with respect to such shares shall forthwith cease and terminate, except the right of the holders thereof to receive upon surrender of their certificates the amounts payable upon redemption thereof, but without interest; provided, however, that, if on or prior to the date fixed for such redemption this corporation

shall deposit, as a trust fund, with any bank or trust company organized under the laws of the United States of America or any state thereof having a capital, undivided profits and surplus aggregating at least \$5,000,000 a sum sufficient to redeem on such redemption date the shares of Series A Junior Participating Preferred Stock to be redeemed, with irrevocable instructions and authority to the bank or trust company to mail the notice of redemption (or to complete such mailing previously commenced, if it has not already been completed) and to pay, on and after the date fixed for such redemption or prior thereto, the redemption price of the shares of Series A Junior Participating Preferred Stock to be redeemed to their respective holders upon the surrender of their share certificates, then, from and after the date of such deposit (although prior to the date fixed for redemption) the shares of Series A Junior Participating Preferred Stock to be redeemed shall be deemed to be redeemed and dividends on those shares shall cease to accrue after the date fixed for such redemption. The deposit shall be deemed to constitute full payment for shares of Series A Junior Participating Preferred Stock to be redeemed to their holders and from and after the date of such deposit the shares shall be deemed to be no longer outstanding and the holders thereof shall cease to be stockholders with respect to such shares and shall have no rights with respect thereto, except the right to receive from the bank or trust company payment of a sum sufficient to redeem the shares, without interest, upon surrender of their certificates therefor.

(D) If at any time this corporation shall have failed to pay all quarterly dividends or other dividends or distributions accrued on the Series A Junior Participating Preferred Stock, thereafter and until all dividends or other distributions accrued on the then outstanding shares of the Series A Junior Participating Preferred Stock shall have been paid or declared and set apart for payment, this corporation shall not (and shall not permit any subsidiary of this corporation to):

(i) redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock; or

(ii) redeem or purchase or otherwise acquire for consideration any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock; provided that this corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of this corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock.

(E) All shares of Series A Junior Participating Preferred Stock redeemed under this paragraph 4 or otherwise acquired by this corporation in any manner whatsoever shall be retired and shall be restored to the status of authorized and unissued shares of preferred stock and may not be reissued as Series A Junior Participating Preferred Stock.

5. In case this corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then, and in each such case, each share of A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event that this corporation shall, at any time after the Rights Declaration Date, (i) pay any dividend on the Common Stock payable in shares of Common Stock or make a distribution in shares of Common Stock to the holders of the Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, and in each such case, the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

6. The Series A Junior Participating Preferred Stock shall rank junior to all other series of this corporation's preferred stock with respect to declaration and payment of dividends and as to distribution of assets in liquidation, unless the terms of any such series shall provide otherwise.

7. The Restated Certificate of Incorporation of this corporation shall not be changed so as to alter in an adverse manner the powers, preferences or special rights of the Series A Junior Participating Preferred Stock without the consent, either in writing or by vote at a meeting called for that purpose, of the holders of at least a majority of the number of shares at the time outstanding of the Series A Junior Participating Preferred Stock and all such other series of shares of preferred stock of this corporation, if any, whose powers, preferences or special rights are also so altered in a substantially similar manner. In giving such consent, the holders of the Series A Junior Participating Preferred Stock and of all other such series, if any, shall vote as a single class.

8. The Series A Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of the Series A Junior Participating Preferred Stock.

9. The Series A Junior Participating Preferred Stock shall be nonconvertible, and the holders of the Series A Junior Participating Preferred Stock shall not have any preemptive rights.

IN WITNESS WHEREOF, Occidental Petroleum Corporation has caused this Certificate to be signed by its Vice President and Treasurer and attested by its Secretary this 6th day of November, 1986.

/s/ R. B. Casriel

R. B. Casriel
Vice President and Treasurer

Attest:

/s/ Paul C. Hebner

Paul C. Hebner
Secretary

CERTIFICATE OF INCREASE IN THE NUMBER OF SHARES OF SERIES A JUNIOR PARTICIPATING PREFERRED STOCK AUTHORIZED PURSUANT TO THE PROVISIONS OF THE CERTIFICATE OF DESIGNATION OF THE VOTING POWERS, DESIGNATION, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS OF THE SERIES A JUNIOR PARTICIPATING PREFERRED STOCK.

PURSUANT TO SECTION 151 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

Occidental Petroleum Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware ("this corporation"), does hereby certify:

FIRST: The Restated Certificate of Incorporation of this corporation authorizes the issuance of 50,000,000 shares of Preferred Stock, par value \$1 per share (the "Preferred Stock"), of this corporation and, further, authorizes the Board of Directors of this corporation, by resolution or resolutions, from time to time, to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any series and the designation, relative powers, preferences and rights and qualifications, limitations or restrictions of all shares of such series.

SECOND: On November 7, 1986, this corporation filed with the Secretary of State of the State of Delaware a Certificate of Designation of the Voting Powers, Designation, Preferences and Relative, Participating, Optional or Other Special Rights and Qualifications, Limitations and Restrictions of the Series A Junior Participating Preferred Stock, dated November 6, 1986 (the "Certificate of Designation"), which Certificate of Designation sets forth, among other things, a certain resolution which (i) provides for the voting powers, designation, preferences and relative, participating, optional or other special rights and qualifications, limitations and restrictions of the Series A Junior Participating Preferred Stock of this corporation, and (ii) fixes the number of shares of the Preferred Stock to be included in the Series A Junior Participating Preferred Stock at 2,000,000.

THIRD: No shares of the Series A Junior Participating Preferred Stock of this corporation established by the Certificate of Designation have been issued.

FOURTH: The Board of Directors of this corporation at a meeting duly called and held on the 19th day of February, 1987, at which meeting a quorum of the directors was present and acting throughout, did duly adopt a resolution authorizing an increase of 2,000,000 shares in the number of shares of the Preferred Stock to be included in the Series A Junior Participating Preferred Stock of this corporation, which resolution remains in full force and effect on the date hereof.

FIFTH: After giving effect to the increase referred to in paragraph Fourth above, the total number of shares of the Preferred Stock to be included in the Series A Junior Participating Preferred Stock of this corporation is 4,000,000.

IN WITNESS WHEREOF, Occidental Petroleum Corporation has caused this Certificate of Increase to be signed by one of its Executive Vice Presidents and attested by its Secretary this 5th day of March, 1987.

/s/Gerald M. Stern

Gerald M. Stern
Executive Vice President

Attest:

/s/ Paul C. Hebner

Paul C. Hebner
Secretary

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
OCCIDENTAL PETROLEUM CORPORATION

Occidental Petroleum Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"),

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of the Corporation on February 19, 1987, at which a quorum was present and acted throughout, resolutions were duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of the Corporation (the "Amendment"), declaring the Amendment to be advisable, and directing that the Amendment be considered at the next annual meeting of the stockholders of the Corporation.

SECOND: That thereafter on May 21, 1987, the 1987 annual meeting of the Corporation was duly held in accordance with the by-laws of the Corporation and the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the following resolution adopting the Amendment:

RESOLVED, that the Restated Certificate of Incorporation of this corporation be amended by adding the following as Section C of Article VI thereof:

C. No director shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law (i) for breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Section C of Article VI shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

THIRD: That the Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Restated Certificate of Incorporation to be signed by Dr. Ray R. Irani, its President, and attested by Paul C. Hebner, its Secretary, this 21st day of May 1987.

By: /s/ R R Irani

 President

Attest:

/s/ Paul C. Hebner

Secretary

LEG-11798

CERTIFICATE OF DESIGNATIONS
OF THE
\$3.875 CUMULATIVE CONVERTIBLE PREFERRED STOCK
(PAR VALUE \$1.00 PER SHARE)

OF

OCCIDENTAL PETROLEUM CORPORATION

PURSUANT TO SECTION 151 OF THE
GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

The undersigned DOES HEREBY CERTIFY that the following resolution was duly adopted by the Board of Directors of Occidental Petroleum Corporation, a Delaware corporation (the "Corporation"), at a meeting duly convened and held on February 11, 1993, at which a quorum was present and acting throughout:

RESOLVED, that pursuant to the authority expressly granted to and vested in the Board of Directors by the Restated Certificate of Incorporation of the Corporation, as amended (the "Certificate of Incorporation"), the Board of Directors hereby authorizes the creation of a series of \$3.875 Cumulative Convertible Preferred Stock, par value \$1.00 per share, of the Corporation upon the terms and conditions set forth herein and hereby fixes the designation and number of shares thereof and fixes the powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof (in addition to those set forth in the Certificate of Incorporation that may be applicable to the \$3.875 Cumulative Convertible Preferred Stock) as follows:

1. Designation and Amount; Fractional Shares; Par Value. There shall be a series of Preferred Stock of the Corporation designated as "\$3.875 Cumulative Convertible Preferred Stock" and the number of shares constituting such series shall be 11,500,000. Such series is referred to herein as the "Convertible Preferred Stock." The Convertible Preferred Stock is issuable solely in whole shares that shall entitle the holder thereof to exercise the voting rights, to participate in the distributions and to have the benefit of all other rights of holders of Convertible Preferred Stock as set forth herein and in the Certificate of Incorporation. The par value of each share of Convertible Preferred Stock shall be \$1.00.

2. Definitions. As used herein, (i) "Legal Holiday" shall mean any day on which banking institutions are authorized or obligated by law or executive order to close in New York, New York or in Los Angeles, California, (ii) "Initial Dividend Period" shall mean the period from and including the Date of Original Issue to and excluding April 1, 1993, (iii) "Subsequent Dividend Period" shall mean the applicable period from and including January 1 to and excluding the next April 1, from and including April 1 to and excluding the next July 1, from and including July 1 to and excluding the next October 1 or from and including October 1 to and excluding the next January 1, or, in each such case as to particular shares of the Convertible Preferred Stock, such shorter period during which such shares of the Convertible Preferred Stock are outstanding (including the first day but excluding the last day of such shorter period), but shall not include the Initial Dividend Period, (iv) "Dividend Period" shall mean the Initial Dividend Period or any Subsequent Dividend Period, as the context requires, (v) "Board of Directors" shall mean the Board of Directors of the Corporation, or (other than for purposes of Section 7 hereof), to the extent permitted by applicable law, a duly authorized committee

thereof and (vi) "NYSE" shall mean the New York Stock Exchange; and the following terms shall have the respective meanings given thereto in the Sections indicated below:

DEFINED TERM -----	DEFINED IN SECTION -----
"Applicable Price".....	6(i)
"Assets".....	6(c)
"Closing Price".....	6(i)
"Common Stock".....	3(c)
"Common Stock Fundamental Change".....	6(i)
"Conversion Price".....	6(a)
"Convertible Preferred Stock".....	1
"Current Market Price".....	6(i)
"Date of Original Issue".....	3(a)
"Determination Date".....	6(i)
"Distribution Date".....	6(k)
"Dividend Payment Date".....	3(a)
"Ex-Date".....	6(i)
"Ex-Dividend Period".....	3(a)
"Extraordinary Cash Dividend".....	6(i)
"Fundamental Change".....	6(i)
"Junior Preferred Stock".....	3(c)
"Liquidation".....	3(b)
"NASDAQ NMS".....	6(i)
"Non-Stock Fundamental Change".....	6(i)
"Other Event".....	6(i)
"Purchaser Stock Price".....	6(i)
"Record Date".....	3(a)
"Redemption Price".....	5(a)
"Reference Market Price".....	6(i)
"Regular Cash Dividend".....	6(i)
"Rights".....	3(c)
"Rights Agreement".....	3(c)
"Specified Date".....	6(i)
"Specified Dividend".....	6(i)
"Specified Event".....	6(i)
"Trading Day".....	6(i)

3. Dividends. (a) Holders of Convertible Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the assets of the Corporation at the time legally available therefor, cash dividends at an annual rate of \$3.875 per share, and no more, which shall be fully cumulative, shall accumulate without interest from the date shares of Convertible Preferred Stock are first issued (the "Date of Original Issue"), and shall be payable, in cash, quarterly in arrears on January 1, April 1, July 1 and October 1 of each year (each, a "Dividend Payment Date"), commencing April 1, 1993 (except that, if any such date is a Saturday, Sunday or Legal Holiday, then such dividend shall be payable on the next day that is not a Saturday, Sunday or Legal Holiday), to holders of record as they appear upon the stock transfer books of the Corporation at the close of business on such record dates, not more than sixty days nor less than ten days preceding the related Dividend Payment Dates, as are fixed by the Board of Directors (each, a "Record Date"). Subject to Section 3(c), dividends on account of arrearages for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date. Holders at the close of business on a Record Date of shares of Convertible Preferred Stock that are called for redemption on a

redemption date during the period (the "Ex-Dividend Period") between such Record Date and the corresponding Dividend Payment Date shall not, in their capacity as such, be entitled to receive the dividend payment on such Dividend Payment Date.

(b) The dividend payable as set forth in Section 3(a) on each share of the Convertible Preferred Stock for each full quarterly Dividend Period during which such share was outstanding shall be \$.96875. For the Initial Dividend Period and any Subsequent Dividend Period during which such share was not outstanding for a full quarterly Dividend Period, the dividend payable on each such share of the Convertible Preferred Stock shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend paid to a holder of Convertible Preferred Stock shall be based on the aggregate number of shares of Convertible Preferred Stock held by such holder at the close of business on the applicable record date and rounded to the nearest whole cent (with one-half cent rounded upward). Unless otherwise provided herein, dividends on each share of Convertible Preferred Stock will be cumulative from and including the Date of Original Issue to and excluding the earliest to occur of (i) the date of redemption of such share, (ii) the date of conversion of such share and (iii) the date of final distribution of assets upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (any such event referred to in this clause (iii), a "Liquidation"). Holders of shares of the Convertible Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends, or to any interest, or sum of money in lieu of interest, in respect of any dividend payment or payments on shares of the Convertible Preferred Stock that may be in arrears. Any dividend payment made on shares of the Convertible Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend with respect to shares of the Convertible Preferred Stock.

(c) No dividends or other distributions (other than a dividend or distribution in Common Stock, par value \$.20 per share ("Common Stock"), of the Corporation or any other stock of the Corporation ranking junior to the Convertible Preferred Stock as to dividends and upon Liquidation ("Junior Preferred Stock")) shall be declared, made or paid or set apart for payment or distribution upon the Common Stock or upon any other stock of the Corporation ranking junior to or on a parity with the Convertible Preferred Stock as to dividends, nor may any Common Stock or any other stock of the Corporation ranking junior to or on a parity with the Convertible Preferred Stock as to dividends or upon Liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of such stock) by the Corporation (except by conversion into or in exchange for Common Stock or Junior Preferred Stock), unless full cumulative dividends on all outstanding shares of the Convertible Preferred Stock have been, or contemporaneously are, declared and paid, or declared and a sum sufficient for the payment thereof is set apart for the payment thereof, for all Dividend Periods ending on or prior to the date of such declaration, payment, distribution, setting apart, making monies available, redemption, purchase or acquisition. Notwithstanding the foregoing, (i) nothing in this Certificate shall prevent the Corporation from making contributions to, or purchasing capital stock in connection with, its employee benefit or dividend reinvestment plans, or from redeeming rights outstanding under the Rights Agreement, dated as of October 17, 1986, between the Corporation and the Rights Agent named therein, as such agreement may be supplemented, amended or replaced from time to time (the "Rights Agreement"), or any similar rights (the rights under the Rights Agreement and such similar rights, collectively, "Rights") and (ii) if at any time full cumulative dividends have not been declared and paid on the Convertible Preferred Stock and on any of the Corporation's preferred stock ranking on a parity as to dividends with the Convertible Preferred Stock, partial dividends may be declared and paid on the Convertible Preferred Stock and such other preferred stock so long as such dividends are declared and paid pro rata so that the amounts of dividends declared and paid per share on the Convertible Preferred Stock and such other preferred stock will in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of the Convertible Preferred Stock and such other preferred stock bear to each other.

(d) Any reference to "distribution" contained in this Section 3 shall not include any distribution made in connection with any Liquidation.

4. Liquidation Preference. In the event of any Liquidation, each holder of a share of Convertible Preferred Stock shall be entitled to receive, and be paid out of the assets of the Corporation available for

distribution to its stockholders, a liquidation preference in the amount of \$50.00 per share, plus all accumulated and unpaid dividends on such share to the date of final distribution to the holders of shares of Convertible Preferred Stock, whether or not declared, without interest, and no more, before any payment shall be made or any assets distributed to the holders of Common Stock or any other class or series of the Corporation's stock ranking junior to the Convertible Preferred Stock upon such Liquidation. If, upon any Liquidation the amounts payable with respect to the liquidation preference of the Convertible Preferred Stock and any other shares of the Corporation's stock ranking on a parity with the Convertible Preferred Stock upon such Liquidation are not paid in full, the holders of Convertible Preferred Stock and of such other shares will share pro rata in the amounts payable and other property distributable with respect to such Liquidation so that the per share amounts to which holders of Convertible Preferred Stock and such other shares are entitled will in all cases bear to each other the same ratio that the liquidation preferences of the Convertible Preferred Stock and such other stock bear to each other. After payment in full of the preferences in respect of the shares of the Convertible Preferred Stock upon Liquidation, the holders of such shares in their capacity as such shall not be entitled to any further right or claim to any remaining assets of the Corporation. Neither a consolidation or merger of the Corporation with or into another corporation, nor a merger of any other corporation with or into the Corporation, nor the sale of all or substantially all of the Corporation's property or business (other than in connection with a winding up of its business) will be considered a Liquidation for purposes of this Certificate.

5. Redemption at Option of the Corporation. (a) The Convertible Preferred Stock may not be redeemed by the Corporation prior to February 18, 1998. On or after February 18, 1998, the Convertible Preferred Stock may be redeemed by the Corporation, at its option on any date set by the Board of Directors, in whole or from time to time in part, out of funds legally available therefor, at any time or from time to time, at the following redemption prices per share, if redeemed during the 12-month period beginning February 18, of the year indicated:

YEAR ----	REDEMPTION PRICE PER SHARE -----
1998.....	\$51.9375
1999.....	51.5500
2000.....	51.1625
2001.....	50.7750
2002.....	50.3875
2003 and thereafter.....	50.0000

plus, in each case, an amount in cash equal to all accumulated and unpaid dividends thereon, if any, whether or not declared, to but excluding the date fixed for redemption, such sum being hereinafter referred to as the "Redemption Price." The aggregate Redemption Price paid to a holder of Convertible Preferred Stock shall be the product of the aggregate number of shares of Convertible Preferred Stock redeemed from such holder and the per share Redemption Price, with such product being rounded to the nearest cent, with one-half cent rounded upward.

(b) In case of the redemption of less than all of the then outstanding shares of Convertible Preferred Stock, the Corporation shall designate the shares to be redeemed by lot, pro rata or in such other manner as the Board of Directors may determine. The Corporation shall not redeem less than all of the Convertible Preferred Stock at any time outstanding unless all dividends accumulated and in arrears upon all shares of Convertible Preferred Stock shall have been paid for all Dividend Periods ending on or prior to the redemption date.

(c) Not more than sixty nor less than thirty days prior to the redemption date fixed by the Board of Directors, notice by first class mail, postage prepaid, shall be given to the holders of record of shares of the Convertible Preferred Stock to be redeemed, addressed to such holders at their last addresses as shown upon the stock transfer books of the Corporation. Each such notice of redemption shall specify (i) the date fixed for redemption, (ii) the number of shares of Convertible Preferred Stock to be redeemed, and if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder,

(iii) the Redemption Price, (iv) the place or places of payment, (v) that payment will be made upon presentation and surrender of the certificates representing shares of Convertible Preferred Stock, (vi) that on and after the date fixed for redemption dividends will cease to accumulate on such shares (unless the Corporation defaults in the payment of the Redemption Price), (vii) the then-effective Conversion Price and (viii) that the right of holders to convert shares of Convertible Preferred Stock shall terminate at the close of business on the date fixed for redemption (unless the Corporation defaults in the payment of the Redemption Price).

(d) Any notice that is mailed as herein provided shall be conclusively presumed to have been duly given, whether or not the holder of shares of Convertible Preferred Stock receives such notice; and failure to give such notice by mail, or any defect in such notice to the holders of any shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Convertible Preferred Stock. On or after the date fixed for redemption as stated in such notice, each holder of the shares called for redemption shall surrender the certificate evidencing such shares to the Corporation at a place designated in such notice and shall thereupon be entitled to receive payment of the Redemption Price for each such share. If less than all the shares of Convertible Preferred Stock evidenced by any such surrendered certificate are redeemed, a new certificate shall be issued evidencing the unredeemed shares of Convertible Preferred Stock. Notice having been given as aforesaid, if, on the date fixed for redemption, funds necessary for the redemption shall be legally available therefor and shall have been irrevocably deposited or set aside, then, notwithstanding that the certificates evidencing any shares of Convertible Preferred Stock so called for redemption shall not have been surrendered, (i) dividends with respect to the shares so called for redemption shall cease to accumulate on the date fixed for redemption, (ii) such shares shall no longer be deemed outstanding, (iii) the holders thereof shall cease to be stockholders of the Corporation to the extent of their interest in such shares and (iv) all rights whatsoever with respect to the shares so called for redemption (except the right of the holders to receive the Redemption Price for each share, without interest or any sum of money in lieu of interest thereon, upon surrender of their certificates therefor at a place designated in such notice) shall terminate. If funds legally available for such purpose are not sufficient for redemption of all of the shares of Convertible Preferred Stock that were to be redeemed, then such funds shall be applied pro rata to the redemption of all of the shares of Convertible Preferred Stock to be redeemed. If less than all of the shares of Convertible Preferred Stock evidenced by any certificate are so redeemed, a new certificate shall be issued evidencing the unredeemed portion of such shares, such unredeemed shares shall remain outstanding and the rights of holders of shares of Convertible Preferred Stock thereafter shall continue to be only those of a holder of shares of the Convertible Preferred Stock.

(e) The shares of Convertible Preferred Stock shall not be subject to the operation of any mandatory redemption, purchase, retirement or sinking fund.

(f) Holders of Convertible Preferred Stock shall have no right to require redemption of the Convertible Preferred Stock.

6. Conversion Privileges.

(a) Rights of Conversion. Each holder of shares of Convertible Preferred Stock shall have the right, at such holder's option, to convert all or a portion of the shares held, at any time or from time to time after March 30, 1993 and prior to the close of business on the date fixed for redemption of such shares as herein provided (unless the Corporation shall fail irrevocably to deposit or set aside the funds sufficient for such redemption), into that number of fully paid and nonassessable shares of Common Stock, or such other securities and property as hereinafter provided (calculated as to each conversion to the nearest 1/100th of a share, with .5/100 rounded upwards), determined by dividing (i) the product of (x) \$50.00 and (y) the aggregate number of shares of Convertible Preferred Stock being converted at such time by such holder, by (ii) the Conversion Price. For purposes of this Certificate "Conversion Price" shall initially mean \$22.76 until such Conversion Price is adjusted in accordance with the provisions of this Section 6 and thereafter shall mean the Conversion Price in effect from time to time as so adjusted. All adjustments in the Conversion Price shall be rounded to the nearest whole cent, with one-half cent rounded upward.

(b) Conversion Procedures. Any holder of shares of Convertible Preferred Stock desiring to convert such shares pursuant hereto shall surrender the certificate or certificates evidencing such shares at the office of

a transfer agent for the Convertible Preferred Stock, which certificate or certificates, if the Corporation shall so require, shall be duly endorsed to the Corporation or in blank, or accompanied by proper instruments of transfer to the Corporation or in blank, accompanied by (i) an irrevocable written notice to the Corporation that the holder elects to convert such shares and specifying the name or names (with address or addresses) in which a certificate or certificates evidencing shares of Common Stock are to be issued, (ii) if required pursuant to Section 6(f), an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid) and (iii) such other payment, if any, required pursuant to the following paragraph.

Except as provided in Section 3(a), the holder of a share of Convertible Preferred Stock at the close of business on a Record Date shall be entitled to receive the dividend payable thereon on the corresponding Dividend Payment Date notwithstanding the conversion thereof during the Ex-Dividend Period or the Corporation's default in the payment of the dividend due on such Dividend Payment Date; provided, that, unless such share has been called for redemption on a redemption date during the Ex-Dividend Period, a share of Convertible Preferred Stock surrendered for conversion during the Ex-Dividend Period must be accompanied by payment of an amount equal to the dividend payable on such share on such Dividend Payment Date. Except as provided for above, no payments or adjustments in respect of dividends on shares of Convertible Preferred Stock surrendered for conversion (whether or not in arrears) or on account of any dividend on the Common Stock issued upon conversion shall be made upon the conversion of any shares of Convertible Preferred Stock.

The Corporation shall, as soon as practicable after such surrender for conversion of certificates evidencing shares of Convertible Preferred Stock and compliance with the other conditions herein contained, deliver at such offices of such transfer agent to the person for whom such shares of Convertible Preferred Stock are so surrendered, or to the nominee or nominees of such person, certificates evidencing the number of full shares of Common Stock to which such person shall be entitled, together with a cash payment in respect of any fraction of a share of Common Stock as hereinafter provided. Subject to the following provisions of this paragraph, each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Convertible Preferred Stock to be converted shall have been surrendered together with the irrevocable written notice, the payment of taxes (if applicable), and an amount equal to the dividend payable (if applicable), all as provided in the first two paragraphs of this Section 6(b), and the person or persons entitled to receive the Common Stock deliverable upon conversion of such Convertible Preferred Stock shall be treated for all purposes as the record holder or holders of such Common Stock at such time on such date, unless the stock transfer books of the Corporation shall be closed on such date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date on which such shares shall have been surrendered and the other conditions specified above have been satisfied.

(c) Adjustment of Conversion Price. The Conversion Price shall be subject to adjustment from time to time as follows:

(i) If the Corporation shall fix a Determination Date with respect to the payment or making of a dividend or other distribution on its Common Stock exclusively in Common Stock, the Conversion Price in effect as of the opening of business on the day following the Determination Date shall be reduced by multiplying such Conversion Price by a fraction (A) the numerator of which shall be the number of shares of Common Stock outstanding at the close of business on the Determination Date and (B) the denominator of which shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution. If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such Determination Date had not been fixed.

(ii) If the Corporation shall fix a Determination Date with respect to the making of a dividend or other distribution on its Common Stock consisting exclusively of rights or warrants entitling the holders thereof to subscribe for or purchase, during a period not exceeding 45 days from the date of such dividend or other distribution, shares of Common Stock at a price per share less than the Current Market Price per

share of the Common Stock on the Determination Date, the Conversion Price in effect as of the opening of business on the day following the Determination Date shall be reduced by multiplying such Conversion Price by a fraction (A) the numerator of which shall be the sum of (x) the number of shares of Common Stock outstanding at the close of business on the Determination Date plus (y) the number of shares of Common Stock that the aggregate maximum offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such Current Market Price and (B) the denominator of which shall be the sum of (x) the number of shares of Common Stock outstanding at the close of business on the Determination Date plus (y) the number of shares of Common Stock so offered for subscription or purchase. To the extent such rights or warrants expire and, as a result, shares of Common Stock issuable upon exercise thereof will not be delivered, the Conversion Price shall be readjusted to the Conversion Price that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually issued upon exercise thereof. If such rights or warrants are not so issued, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such Determination Date had not been fixed.

(iii) If outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock or combined into a smaller number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision or combination becomes effective shall be proportionately reduced or increased, respectively, effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(iv) If the Corporation shall fix a Determination Date with respect to the making of a dividend or other distribution on its Common Stock (other than a dividend or distribution (A) referred to in Section 6(c)(i) or (ii), or (B) in connection with a liquidation) consisting of evidences of its indebtedness, shares of any class of capital stock or other assets (including securities and Extraordinary Cash Dividends, but excluding Regular Cash Dividends) (any of the foregoing, other than any such excluded dividend or distribution, being hereinafter referred to as "Assets"), then, in each such case, unless the Corporation elects to reserve Assets for distribution to the holders of the Convertible Preferred Stock upon the conversion thereof so that any holder converting shares of Convertible Preferred Stock will receive upon such conversion, in addition to the shares of the Common Stock to which such holder is entitled, the amount and kind of such Assets that such holder would have received if such holder had, immediately prior to the Determination Date, converted its shares of Convertible Preferred Stock into Common Stock, the Conversion Price in effect as of the opening of business on the day following the Determination Date shall be reduced by multiplying such Conversion Price by a fraction (x) the numerator of which shall be the Current Market Price per share of the Common Stock on the Determination Date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) on the Determination Date of the portion of the Assets so distributed applicable to one share of Common Stock and (y) the denominator of which shall be such Current Market Price per share of the Common Stock on the Determination Date; provided however, that in the event the then fair market value (as so determined) of the portion of the Assets so distributed or distributable applicable to one share of Common Stock is equal to or greater than the Current Market Price per share of the Common Stock on the Determination Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of shares of Convertible Preferred Stock shall have the right to receive upon conversion the amount and kind of such Assets that such holder would have received if such holder had, immediately prior to the Determination Date, converted its shares of Convertible Preferred Stock into Common Stock. If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such Determination Date had not been fixed. If such Assets consist of any rights or warrants (other than those referred to in Section 6(c)(ii)) and such rights or warrants expire and, as a result, a portion of the Assets issuable on exercise thereof will not be delivered, the Conversion Price shall be readjusted to the Conversion Price that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery

of only the Assets actually delivered. To the extent that a distribution of Assets consists of or includes (x) securities and the Board of Directors determines the fair market value thereof by reference to the trading market therefor, the Board of Directors shall, if possible, consider the Closing Price of such securities over the same period and (if appropriate) applying adjustments of the type used in computing the applicable Current Market Price or (y) an Extraordinary Cash Dividend, the fair market value thereof shall be deemed to be the amount of cash constituting such Extraordinary Cash Dividend.

(v) In addition to any other adjustment required hereby, to the extent permitted by law, the Corporation from time to time may reduce the Conversion Price by any amount, permanently or for any period of time of at least twenty days (excluding Legal Holidays), if the reduction is irrevocable during the period. Whenever the Conversion Price is reduced pursuant to this Section 6(c)(v), the Corporation shall mail to holders of record of the Convertible Preferred Stock a notice of the reduction at least fifteen days prior to the date the reduced Conversion Price takes effect, and such notice shall state the reduced Conversion Price and, if applicable, the period it will be in effect.

(vi) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price; provided, however, that any adjustments which by reason of this subparagraph (vi) are not required to be made shall be carried forward and taken into account in determining whether any subsequent adjustment shall be required.

(vii) Notwithstanding any other provision of this Section 6, no adjustment to the Conversion Price shall reduce the Conversion Price below the then par value per share of the Common Stock, and any such purported adjustment shall instead reduce the Conversion Price to such par value. The Corporation hereby covenants not to take any action to increase the par value per share of the Common Stock.

(viii) When the Conversion Price is adjusted as herein provided:

(1) the Corporation shall compute the adjusted Conversion Price and shall prepare a certificate signed by the Treasurer or an Assistant Treasurer of the Corporation setting forth the adjusted Conversion Price and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed with the transfer agent for the Convertible Preferred Stock; and

(2) a notice stating that the Conversion Price has been adjusted and setting forth the adjusted Conversion Price shall as soon as practicable be mailed by the Corporation to all record holders of shares of Convertible Preferred Stock at their last addresses as they shall appear upon the stock transfer books of the Corporation.

(ix) In any case in which this subparagraph (c) provides that an adjustment shall become effective as of the opening of business on the day following a Determination Date, the Corporation may defer until the occurrence of the event for which such Determination Date shall have been fixed (A) issuing to the holder of any share of Convertible Preferred Stock converted after such Determination Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount in cash in lieu of any fractional share of Common Stock pursuant to Section 6(d).

(d) No Fractional Shares. No fractional shares or scrip representing fractional shares of Common Stock shall be issued upon conversion of Convertible Preferred Stock. If a certificate or certificates representing more than one share of Convertible Preferred Stock shall be surrendered for conversion at one time by the same record holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Convertible Preferred Stock so surrendered by such record holder as provided in Section 6(a). In lieu of any fractional share of Common Stock that would otherwise be issuable upon conversion of any shares of Convertible Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional share in an amount equal to the same fraction of the Closing Price of the Common Stock on the Trading Day immediately preceding the date of conversion, calculated to the nearest cent, with one-half cent rounded upward.

(e) Reclassification, Consolidation or Merger. If a Fundamental Change occurs, then lawful provision shall be made as part of the terms of such transaction whereby the holder of each share of Convertible Preferred Stock then outstanding shall have the right thereafter, to convert such share only into:

(1) in the case of a Non-Stock Fundamental Change and subject to funds being legally available for such purpose under applicable law at the time of such conversion, the kind and amount of securities, cash or other property receivable upon such Non-Stock Fundamental Change by a holder of the number of shares of Common Stock into which such share of Convertible Preferred Stock was convertible immediately prior to such Non-Stock Fundamental Change, after giving effect to any adjustment in the Conversion Price required by the provisions of Section 6(h), and

(2) in the case of a Common Stock Fundamental Change, common stock of the kind received by holders of Common Stock as a result of such Common Stock Fundamental Change, at the Conversion Price determined pursuant to the provisions of Section 6(h).

The Corporation or the person formed by a consolidation or resulting from a merger that constitutes a Fundamental Change or which acquires the Corporation's shares in any transaction that constitutes a Fundamental Change shall make provisions in its certificate or articles of incorporation or other constituent document to establish the right set forth above. Such certificate or articles of incorporation or other constituent document shall provide for adjustments in the Conversion Price which, for events subsequent to the effective date of such provisions, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 6.

(f) Reservation of Shares; Transfer Taxes, Etc. The Corporation shall at all times reserve and keep available, out of its authorized and unissued stock, solely for the purpose of effecting the conversion of the Convertible Preferred Stock, such number of shares of its Common Stock (and associated Rights, if any) free of preemptive rights as shall from time to time be sufficient to effect the conversion of all shares of Convertible Preferred Stock from time to time outstanding. The Corporation shall from time to time, in accordance with the laws of the State of Delaware, use its best efforts to increase the authorized number of shares of Common Stock (and associated Rights, if any) if at any time the number of shares of authorized and unissued Common Stock (and associated Rights, if any) shall not be sufficient to permit the conversion of all the then outstanding shares of Convertible Preferred Stock. If the delivery of Common Stock upon conversion of the Convertible Preferred Stock requires registration with or approval of any governmental authority under the laws of any United States jurisdiction, the Corporation will in good faith and as expeditiously as possible use commercially reasonable efforts to make such registration or obtain such approval, and shall not be required to deliver shares of Common Stock upon conversion until such registration is made or such approval is obtained. In addition, the Corporation shall not be required to deliver shares of Common Stock upon conversion if, in the opinion of its counsel, such delivery would violate the laws of any jurisdiction outside the United States.

The Corporation shall pay any and all issue or other taxes that may be payable in respect of any issue or delivery of shares of Common Stock upon conversion of the Convertible Preferred Stock. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of Common Stock (or other securities or assets) in a name other than that in which the shares of Convertible Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(g) Prior Notice of Certain Events. In case:

(i) the Corporation shall (A) declare any dividend or any other distribution on its Common Stock (other than (x) a dividend or other distribution payable in shares of Common Stock, (y) a Regular Cash Dividend or (z) a dividend or other distribution of Rights that at the time are not exercisable or tradeable separately from the Common Stock), (B) declare or authorize a redemption or repurchase of in excess of 10% of the then outstanding shares of Common Stock, or (C) authorize the granting to all holders of Common Stock of rights or warrants to subscribe for or purchase any shares of stock of any class or of any other rights or warrants (other than Rights); or

(ii) of any reclassification of Common Stock (other than a sub-division or combination of the outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation shall be required, or of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or other property; or

(iii) of a Liquidation;

then the Corporation shall cause to be filed with the transfer agent for, and mailed to the holders of record of, the Convertible Preferred Stock, at their last addresses as they shall appear upon the stock transfer books of the Corporation, at least fifteen days prior to the applicable record date hereinafter specified, a notice stating (x) the date on which a record (if any) is to be taken for the purpose of such dividend, distribution, redemption, repurchase or granting of rights or warrants or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, redemption, repurchase, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, share exchange or Liquidation is expected to become effective, and the date, if any, as of which it is expected that holders of record of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, share exchange or Liquidation (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the corporate action required to be specified in such notice).

(h) Adjustments in Case of Fundamental Changes. Notwithstanding any other provision in this Section 6 to the contrary, if any Fundamental Change occurs, then the Conversion Price in effect will be adjusted immediately after such Fundamental Change (which shall be deemed to occur on the earlier of (i) the occurrence of such Fundamental Change and (ii) the Determination Date related to such Fundamental Change) as described below.

In the case of a Non-Stock Fundamental Change, the Conversion Price immediately following such Fundamental Change shall become the lower of (A) the Conversion Price in effect immediately prior to such Fundamental Change (after giving effect to any other adjustments pursuant to this Section 6 made prior to such Fundamental Change), and (B) the product of (1) the greater of the Applicable Price and the then applicable Reference Market Price and (2) a fraction, the numerator of which shall be \$50.00 and the denominator of which shall be the then current Redemption Price per share of Convertible Preferred Stock if the redemption date were the date of such Non-Stock Fundamental Change (such denominator being (x) the applicable Redemption Price (including accumulated and unpaid dividends, whether or not declared) set forth in Section 5 hereof, or (y) for Non-Stock Fundamental Changes occurring during the twelve-month periods commencing February 18, 1993, 1994, 1995, 1996 and 1997, \$53.8750, \$53.4875, \$53.1000, \$52.7125, and \$52.3250, respectively, together with any accumulated and unpaid dividends thereon, whether or not declared, to but excluding the date of such Non-Stock Fundamental Change).

In the case of a Common Stock Fundamental Change, the Conversion Price immediately following such Fundamental Change shall be the Conversion Price in effect immediately prior to such Fundamental Change (after giving effect to any other adjustments pursuant to this Section 6 made prior to such Fundamental Change) multiplied by a fraction, the numerator of which is the Purchaser Stock Price and the denominator of which is the Applicable Price; provided, however, that, in the event of a Common Stock Fundamental Change in which (A) 100% by value of the consideration received by a holder of Common Stock is common stock of the successor, acquiror or other third party (and cash, if any, paid with respect to any fractional interests in such common stock resulting from such Common Stock Fundamental Change) and (B) all of the Common Stock shall have been exchanged for, converted into or acquired for, common stock of such successor, acquiror or other third party (and cash, if any, with respect to fractional interests), the Conversion Price immediately following such Common Stock Fundamental Change shall be the Conversion Price in effect immediately prior to such Common Stock Fundamental Change divided by the number of shares of common stock of such successor, acquiror, or other third party received by a holder of one share of Common Stock as a result of such Fundamental Change.

(i) Definitions. The following definitions shall apply to terms used in this Section 6:

(1) "Applicable Price" shall mean (i) in the event of a Non-Stock Fundamental Change in which the holders of the Common Stock receive only cash, the amount of cash received by the holder of one share of Common Stock and (ii) in the event of any other Fundamental Change, the average of the Closing Prices for one share of Common Stock during the ten Trading Days immediately prior to the record date for the determination of the holders of Common Stock entitled to receive cash, securities, property or other assets in connection with such Fundamental Change or, if there is no such record date, prior to the date upon which the holders of the Common Stock shall have the right to receive such cash, securities, property or other assets. The Closing Price on any Trading Day may be subject to adjustment as provided in Section 6(i)(4).

(2) "Closing Price" with respect to any security on any day shall mean the closing sale price, regular way, on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in each case on the NYSE or, if such security is not listed or admitted to trading on the NYSE, on the principal national securities exchange or quotation system on which such security is quoted or listed or admitted to trading or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the average of the closing bid and asked prices of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or if not so available, in such manner as furnished by any NYSE member firm selected from time to time by the Board of Directors for that purpose or a price determined in good faith by the Board of Directors (such determination to be conclusive and evidenced in a resolution adopted by the Board of Directors).

(3) "Common Stock Fundamental Change" shall mean any Fundamental Change in which more than 50% of the value (as determined in good faith by the Board of Directors (such determination to be conclusive and evidenced in a resolution adopted by the Board of Directors)) of the consideration received by the holders of Common Stock pursuant to such transaction consists of common stock that, for the ten consecutive Trading Days immediately prior to such Fundamental Change, has been admitted for listing or admitted for listing subject to notice of issuance on a national securities exchange or quoted on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ NMS"); provided, however, that a Fundamental Change shall not be a Common Stock Fundamental Change unless either (i) the Corporation continues to exist after the occurrence of such Fundamental Change and the outstanding shares of Convertible Preferred Stock continue to exist as outstanding shares of Convertible Preferred Stock, or (ii) not later than the occurrence of such Fundamental Change, the outstanding shares of Convertible Preferred Stock are converted into or exchanged for shares of convertible preferred stock of a corporation succeeding, directly or indirectly, to the business of the Corporation, which convertible preferred stock has powers, preferences and relative, participating, optional or other rights, and qualifications, limitations and restrictions, substantially similar to those of the Convertible Preferred Stock.

(4) "Current Market Price" per share of Common Stock on any date (the "Specified Date") shall be deemed to be the average of the daily Closing Prices with respect to the Common Stock for the ten consecutive Trading Days ending on the Specified Date (or, if the Specified Date is not a Trading Day, on the Trading Day immediately preceding the Specified Date); provided, however, that, if the Current Market Price is being calculated with respect to an event (the "Specified Event") requiring calculation pursuant to Section 6(c)(ii) or 6(c)(iv) and (A) the Ex-Date for any event that requires an adjustment to the Conversion Price pursuant to Section 6(c)(i), (ii), (iii) or (iv) or Section 6(h) other than the Specified Event (an "Other Event") occurs during such ten consecutive Trading Days and prior to the Ex-Date for the Specified Event, the Closing Price for each Trading Day prior to the Ex-Date for such Other Event shall be adjusted by multiplying such Closing Price by the same fraction by which the Conversion Price is so required to be adjusted as a result of such Other Event, (B) the Ex-Date for any Other Event occurs during such ten consecutive Trading Days and on or after the Ex-Date for the Specified Event, the Closing Price for each Trading Day on and after the Ex-Date for such Other Event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the

Conversion Price is so required to be adjusted as a result of such Other Event (provided that, if such fraction is required to be determined at any date by reference to events taking place subsequent to the Specified Date, the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors, shall estimate such fraction based on assumptions it deems reasonable regarding such events taking place subsequent to the Specified Date, and such estimated fraction shall be used for purposes of such adjustment until such time as the actual fraction by which the Conversion Price is so required to be adjusted as a result of such Other Event is determined), and (C) the Ex-Date for the Specified Event is on or prior to the Specified Date, after taking into account any adjustment required pursuant to clause (A) or (B) of this proviso, the Closing Price for each Trading Day on or after such Ex-Date shall be adjusted by adding thereto the amount of any cash and the fair market value (as determined by the Board of Directors in a manner consistent with any determination of such value for purposes of Section 6(c)(iv), whose determination shall be conclusive and described in a resolution of the Board of Directors) of the securities or other assets being distributed applicable to one share of Common Stock as of the close of business on the day before such Ex-Date.

(5) "Determination Date" shall mean, with respect to any dividend or other distribution, the date fixed for the determination of the holders of shares of Common Stock entitled to receive such dividend or distribution, or if a dividend or distribution is paid or made without fixing such a date, the date of such dividend or distribution.

(6) "Ex-Date" shall mean (i) when used with respect to any dividend, distribution or Fundamental Change, the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market without the right to receive such dividend or distribution, or the cash, securities, property or other assets distributable in such Fundamental Change to holders of the Common Stock, and (ii) when used with respect to any subdivision or combination of shares of Common Stock, the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective.

(7) "Extraordinary Cash Dividend" shall mean, with respect to any cash dividend or cash distribution (other than a dividend or distribution in connection with a Liquidation) on the Common Stock (the "Specified Dividend"), an amount determined pursuant to the following sentence. If, upon the date prior to the date of the declaration (the "Declaration Date") with respect to the Specified Dividend, the aggregate per share amount of the Specified Dividend, together with the aggregate per share amounts of all cash dividends and cash distributions on the Common Stock with Ex-Dates occurring in the 360 consecutive day period ending on the date prior to the Ex-Date with respect to the Specified Dividend, exceeds 15% of the Current Market Price of the Common Stock on the Trading Day prior to the Declaration Date with respect to the Specified Dividend, such excess shall be deemed to be an Extraordinary Cash Dividend.

(8) "Fundamental Change" shall mean the occurrence of any transaction or event pursuant to which all or substantially all of the Common Stock is exchanged for, converted into, or acquired for, or constitutes solely the right to receive, cash, securities, property or other assets (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise); provided, however, that (A) in the case of any plan involving more than one such transaction or event, for purposes of adjustment of the Conversion Price, such Fundamental Change shall be deemed to have occurred when substantially all of the Common Stock has been exchanged for, converted into, or acquired for, or constitutes solely the right to receive, cash, securities, property or other assets, but the adjustment shall be based upon the consideration that the holders of Common Stock received in such transaction or event as a result of which more than 50% of the Common Stock of the Corporation was exchanged for, converted into, or acquired for, or constituted solely the right to receive, cash, securities, property or other assets; and (B) such term does not include (i) a change in par value, or from par value to no par value, or from no par value to par value, or a subdivision or combination of the Common Stock, (ii) any such transaction or event in which the Corporation and/or any of its subsidiaries are the issuers of all the cash, securities, property or other assets exchanged, acquired or otherwise issued in such transaction or event, or (iii) any such transaction or event in which the holders of Common Stock

receive securities of an issuer other than the Corporation if, immediately following such transaction or event, such holders hold a majority of the securities having the power to vote normally in the election of directors (or persons holding an equivalent position) of such other issuer outstanding immediately following such transaction or other event.

(9) "Non-Stock Fundamental Change" shall mean any Fundamental Change other than a Common Stock Fundamental Change.

(10) "Purchaser Stock Price" shall mean, with respect to any Common Stock Fundamental Change, the average of the Closing Prices for one share of the common stock received by holders of Common Stock in such Common Stock Fundamental Change during the ten Trading Days immediately prior to the record date for the determination of the holders of Common Stock entitled to receive such common stock, or if there is no such record date, prior to the date upon which the holders of the Common Stock shall have the right to receive such common stock.

(11) "Reference Market Price" shall initially mean \$12.33, and, in the event of any adjustment to the Conversion Price other than as a result of a Fundamental Change, the Reference Market Price shall be adjusted (with one-half cent rounded upward) so that the ratio of the Reference Market Price to the Conversion Price after giving effect to any such adjustment shall always be equal to 0.5417.

(12) "Regular Cash Dividend" means any cash dividend or cash distribution with respect to the Common Stock other than an Extraordinary Cash Dividend.

(13) "Trading Day" shall mean (x) if the applicable security is listed or admitted for trading on the NYSE or another national securities exchange, a day on which the NYSE or such other national securities exchange is open for business or (y) if the applicable security is quoted on the NASDAQ NMS, a day on which a trade may be made on the NASDAQ NMS or (z) if the applicable security is not otherwise listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(j) Dividend or Interest Reinvestment Plans; Other. Notwithstanding the foregoing provisions, (i) the issuance of any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Common Stock under any such plan, (ii) the issuance of any shares of Common Stock or options or rights to purchase such shares pursuant to any employee benefit plan or similar program of the Corporation, (iii) the issuance of any shares of Common Stock upon exercise of any other option, warrant, right or exercisable, exchangeable or convertible security of the Corporation (it being understood that the provisions of this clause (iii) shall not prevent an adjustment to the Conversion Price otherwise required hereunder, if any, upon the issuance, or the Determination Date relating to the issuance, of such other option, warrant, right or exercisable, exchangeable or convertible security), and (iv) subject to Section 6(k) below, any issuance of Rights that at the time of original issuance are not exercisable or tradeable separately from the Common Stock but may become exercisable or separately tradeable upon terms and conditions set forth or similar to those set forth in the Rights Agreement, shall not be deemed to constitute an issuance of Common Stock or exercisable, exchangeable or convertible securities by the Corporation to which any of the adjustment provisions described above applies. There shall also be no adjustment of the Conversion Price in case of the issuance of any stock (or securities convertible into or exchangeable for stock) of the Corporation except as specifically described in this Section 6. Except as expressly set forth above, if any action would require adjustment of the Conversion Price pursuant to more than one of the provisions described above, only one adjustment shall be made and such adjustment shall be the amount of adjustment which has the highest value to the holders of the Convertible Preferred Stock (as determined by the Board of Directors, whose determination shall be conclusive).

(k) Rights. So long as Rights are attached to the outstanding shares of Common Stock, each share of Common Stock issued upon conversion of the shares of Convertible Preferred Stock prior to the earliest of any Distribution Date (as defined below), the date of redemption of the Rights or the date of expiration of the

Rights shall be issued with Rights in a number equal to the number of Rights then attached to each outstanding share of Common Stock.

If a Distribution Date shall occur, then for purposes of Section 6(c)(iv) (and no other purpose), a distribution of all Rights then outstanding shall be deemed to occur on such date, which shall be deemed the Determination Date with respect to such distribution. For purposes of such Section, a redemption of such Rights shall be deemed an expiration thereof, except that the portion of the Assets that were not delivered as a result of the expiration of such Rights shall be reduced by the aggregate amount paid in redemption of such Rights. If the Corporation does not elect to reserve Rights for distribution to the holders of the Convertible Preferred Stock upon the conversion thereof after such Distribution Date in accordance with Section 6(c)(iv), the adjustments required pursuant to such Section shall be deemed an appropriate adjustment for purposes of Section 3(e) of the Rights Agreement or any similar provision relating to Rights. Notwithstanding any other provision hereof, no adjustment in the Conversion Price shall be made on account of any exercise of Rights. References to Common Stock in this Certificate do not include the Rights attached thereto.

As used herein, the term "Distribution Date" shall have the meaning given thereto in the Rights Agreement or, if such term is not defined therein, shall mean the first date upon which Rights become exercisable or tradeable separately from the Common Stock.

(1) Exclusion of Treasury Shares. For purposes of this Section 6, the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation or any of its majority-owned subsidiaries.

7. Voting Rights.

(a) General. The holders of Convertible Preferred Stock will not have any voting rights except as set forth below or as otherwise from time to time required by applicable law. In connection with any right to vote, each holder of Convertible Preferred Stock will have one vote for each such share held. Any shares of Convertible Preferred Stock held by the Corporation or any subsidiary of the Corporation shall not have voting rights hereunder and shall not be counted in determining the presence of a quorum or in calculating any percentage of shares under this Section 7.

(b) Default Voting Rights. Whenever dividends on the Convertible Preferred Stock shall be in arrears in an aggregate amount equal to at least six full quarterly dividends (whether or not consecutive), (i) the number of members of the Board of Directors shall be increased by two, effective as of the time of election of such directors and (ii) the holders of the Convertible Preferred Stock (voting separately as a class with all other affected classes or series of preferred stock upon which like voting rights have been conferred and are exercisable) will have the exclusive right to vote for and elect such two additional directors of the Corporation. The right of the holders of the Convertible Preferred Stock to vote for such two additional directors shall terminate when all accumulated and unpaid dividends on the Convertible Preferred Stock have been declared and paid or set apart for payment. The term of office of all directors so elected shall terminate immediately upon the termination of the rights of the holders of the Convertible Preferred Stock and such other preferred stock to vote for such two additional directors. Each such director so elected shall serve until the next annual meeting and until his successor is elected, unless his term of office is terminated earlier as provided in the preceding sentence.

The foregoing right of the holders of the Convertible Preferred Stock with respect to the election of two directors shall be exercisable at the next annual meeting of stockholders following the default or at any special meeting of stockholders held for such purpose. If the right to elect directors shall have accrued to the holders of the Convertible Preferred Stock more than ninety days preceding the date established (or, if not yet established, reasonably expected by the Corporation to be established) for the next annual meeting of stockholders, the Chairman of the Board of the Corporation or other authorized officer of the Corporation, if any, shall, within twenty days after the delivery to the Corporation at its principal office of a written request for a special meeting signed by the holders of at least 10% of all outstanding shares of the Convertible Preferred Stock, call a special meeting of the holders of the Convertible Preferred Stock and any other holders of

preferred stock entitled to vote thereon to be held within sixty days after the delivery of such request for the purpose of electing such additional directors.

The holders of the Convertible Preferred Stock and such other preferred stock referred to above voting as a class shall have the exclusive right to remove without cause at any time and replace any directors such holders shall have elected pursuant to this Section 7.

(c) Class Voting Rights. So long as the Convertible Preferred Stock is outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of at least 66 2/3% (or such higher percentage, if any, as may then be required by applicable law) of all outstanding shares of the Convertible Preferred Stock, voting separately as a class, (i) amend, alter or repeal any provision of the Certificate of Incorporation, as the same may be amended from time to time, so as to affect adversely the relative rights, preferences, qualifications, limitations or restrictions of the Convertible Preferred Stock or (ii) create, authorize or issue, or reclassify any authorized stock of the Corporation into, or increase the authorized amount of, any class or series of stock of the Corporation ranking senior to the Convertible Preferred Stock as to dividends or upon Liquidation. A class vote on the part of the Convertible Preferred Stock shall not be required (except as otherwise required by law or resolution of the Board of Directors) in connection with any other matter, including, without limitation, the authorization, issuance or increase in the authorized amount of any shares of any class or series of stock of the Corporation that either (A) ranks junior to, or on a parity with, the Convertible Preferred Stock as to dividends and upon Liquidation or (B) is, at the time of such increase, undesignated as to ranking with respect to dividends and upon Liquidation.

8. Ranking. Any class or series of stock of the Corporation shall be deemed to rank:

(i) prior to the Convertible Preferred Stock, as to dividends or upon Liquidation, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon Liquidation, as the case may be, in preference or priority to the holders of Convertible Preferred Stock.

(ii) on a parity with the Convertible Preferred Stock, as to dividends or upon Liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof are different from those of the Convertible Preferred Stock, if the holders of such class or series of stock and the Convertible Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon Liquidation, as the case may be, in proportion to their respective amounts of accumulated and unpaid dividends per share or liquidation prices, as the case may be, without preferences or priority one over the other.

(iii) junior to the Convertible Preferred Stock, as to dividends or upon Liquidation, if such stock shall be Common Stock or any other class or series of capital stock of the Corporation if the holders of Convertible Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon Liquidation, as the case may be, in preference or priority to the holders of shares of such stock. For purposes of this Certificate, the Series A Junior Participating Preferred Stock of the Corporation shall constitute Junior Preferred Stock.

9. Outstanding Shares. For purposes of this Certificate, all shares of Convertible Preferred Stock issued by the Corporation shall be deemed outstanding except (i) as provided in Section 5(d), (ii) from the date of surrender of a certificate evidencing shares of Convertible Preferred Stock, all shares of Convertible Preferred Stock represented by such certificate and converted into Common Stock and (iii) from the date of registration of transfer, all shares of Convertible Preferred Stock held of record by the Corporation or any direct or indirect majority-owned subsidiary of the Corporation.

10. Status of Acquired Shares. Shares of Convertible Preferred Stock redeemed by the Corporation, received upon conversion pursuant to Section 6 or otherwise acquired by the Corporation will be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to class, and may thereafter be issued, but not as shares of Convertible Preferred Stock.

11. Preemptive Rights. The Convertible Preferred Stock is not entitled to any preemptive or subscription rights in respect of any securities of the Corporation.

12. Severability of Provisions. Whenever possible, each provision hereof shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision hereof is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions hereof.

IN WITNESS WHEREOF, Occidental Petroleum Corporation has caused this Certificate to be made under the seal of the Corporation and signed by Fred J. Gruberth, its Vice President and Treasurer, and attested by Matthew T. Gay, its Assistant Secretary, on the 16th day of February, 1993.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ FRED J. GRUBERTH

Name: Fred J. Gruberth
Title: Vice President and
Treasurer

Attest:

/s/ MATTHEW T. GAY

Name: Matthew T. Gay
Title: Assistant Secretary

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
OCCIDENTAL PETROLEUM CORPORATION

Occidental Petroleum Corporation, a corporation organized and existing under and by virtue of the General Corporation law of the State of Delaware (the "Corporation"),

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of the Corporation on February 11, 1993, at which a quorum was present and acted throughout, resolutions were duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of the Corporation (the "Amendment"), declaring the Amendment to be advisable, and directing that the Amendment be considered at the next annual meeting of the stockholders of the Corporation.

SECOND: That thereafter on April 28, 1993, the 1993 annual meeting of the Corporation was duly held in accordance with the by-laws of the Corporation and the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares of stock as required by statute were voted in favor of the following resolution adopting the Amendment:

RESOLVED, that Section A of Article VI of the Restated Certificate of Incorporation, as amended, of this Corporation be amended so that in its entirety, the said Section A shall read as set forth below.

A. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than ten nor more than fourteen directors, or such greater number as is provided for in the following paragraph. The Board of Directors shall initially consist of fourteen directors, until the exact number is changed from time to time within the foregoing limits by, or in such manner as may be provided in, the By-laws of the Corporation. The directors shall be divided into three classes, consisting initially of four, five and five directors and designated Class I, Class II and Class III, respectively. Each director shall serve for a term ending at the annual meeting in the third year following the annual meeting at which such director is elected, provided, however, that each director shall hold office after the annual meeting at which his term is scheduled to end until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, disqualification or removal from office. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible. Any director elected to fill a newly created directorship resulting from an increase in any class shall hold office for a term that shall coincide with the remaining term of the other directors of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same term as the remaining term of his predecessor. In no case will a decrease in the number of directors shorten the term of any incumbent director. Any newly created directorship resulting from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy on the Board of Directors may be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of

stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Certificate of Incorporation applicable thereto, and such directors so elected shall be in addition to the number of directors provided for in the preceding paragraph, and shall not be divided into classes pursuant to this Article VI unless expressly provided by such terms.

THIRD: That the Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Restated Certificate of Incorporation to be signed by Dr. Ray R. Irani, its Chairman of the Board, President, and Chief Executive Officer, and attested by John W. Alden, its Assistant Secretary, this 28th day of April, 1993.

By: /s/ Ray R. Irani

Dr. Ray R. Irani
Chairman of the Board,
President, and Chief
Executive Officer

(Corporate Seal)

Attest:

/s/ John W. Alden

John W. Alden
Assistant Secretary

PST\Secrtry\002

CERTIFICATE OF DESIGNATIONS
OF THE
\$3.00 CUMULATIVE CXY-INDEXED CONVERTIBLE PREFERRED STOCK
(PAR VALUE \$1.00 PER SHARE)

OF

OCCIDENTAL PETROLEUM CORPORATION

PURSUANT TO SECTION 151 OF THE
GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

The undersigned DOES HEREBY CERTIFY that the following resolution was duly adopted by written consent, dated January 26, 1994, of the sole member of the Pricing Committee of the Board of Directors of Occidental Petroleum Corporation, a Delaware corporation (the "Corporation"):

RESOLVED, that pursuant to the authority expressly granted to and vested in the Pricing Committee of the Board of Directors by the Restated Certificate of Incorporation of the Corporation, as amended (the "Certificate of Incorporation"), the Pricing Committee of the Board of Directors hereby authorizes the creation of a series of \$3.00 Cumulative CXY-Indexed Convertible Preferred Stock, par value \$1.00 per share, of the Corporation upon the terms and conditions set forth herein and hereby fixes the designation and number of shares thereof and fixes the powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof (in addition to those set forth in the Certificate of Incorporation that may be applicable to the \$3.00 Cumulative CXY-Indexed Convertible Preferred Stock) as follows:

1. Designation and Amount; Fractional Shares; Par Value. There shall be a series of Preferred Stock of the Corporation designated as "\$3.00 Cumulative CXY-Indexed Convertible Preferred Stock" and the number of shares constituting such series shall be 11,388,340. Such series is referred to herein as the "Convertible Preferred Stock." The Convertible Preferred Stock is issuable solely in whole shares that shall entitle the holder thereof to exercise the voting rights, to participate in the distributions and to have the benefit of all other rights of holders of Convertible Preferred Stock, as set forth herein and in the Certificate of Incorporation. The par value of each share of Convertible Preferred Stock shall be \$1.00.

2. Definitions. As used herein, (i) "Legal Holiday" shall mean any day on which banking institutions are authorized or obligated by law or executive order to close in New York, New York or in Los Angeles, California, (ii) "Initial Dividend Period" shall mean the period from and including the Date of Original Issue to and excluding April 1, 1994, (iii) "Subsequent Dividend Period" shall mean the applicable period from and including January 1 to and excluding the next April 1, from and including April 1 to and excluding the next July 1, from and including July 1 to and excluding the next October 1 or from and including October 1 to and excluding the next January 1, or, in each such case as to particular shares of the Convertible Preferred Stock, such shorter period during which such shares of the Convertible Preferred Stock are outstanding (including the first day but excluding the last day of such shorter period), but shall not include the Initial Dividend Period, (iv) "Dividend Period" shall mean the Initial Dividend Period or any Subsequent Dividend Period, as the context requires, (v) "Board of Directors" shall mean the Board of Directors of the Corporation, or (other than for purposes of Section 7 hereof), to the extent permitted by applicable law, a duly authorized committee thereof, (vi) "NYSE" shall mean the New York Stock Exchange and (vii) "TSE" shall mean The Toronto

Stock Exchange; and the following terms shall have the respective meanings given thereto in the Sections indicated below:

DEFINED TERM -----	DEFINED IN SECTION -----
"Assets".....	6(c)(iv)
"Calculation Date".....	6(h)(vi)
"CanadianOxy".....	6(h)(i)
"CanadianOxy Common Shares".....	6(h)(ii)
"Closing Price".....	6(h)(iii)
"Conversion Date".....	6(b)
"Conversion Ratio".....	6(h)(iv)
"Convertible Preferred Stock".....	1
"Currency Exchange Rate".....	6(h)(v)
"Date of Original Issue".....	3(a)
"Day Prior Ratio".....	6(h)(vi)
"Declaration Date".....	6(h)(ix)
"Determination Date".....	6(h)(vii)
"Distribution Date".....	6(j)
"Dividend Payment Date".....	3(a)
"Ex-Date".....	6(h)(viii)
"Ex-Dividend Period".....	3(a)
"Expiration Date".....	6(e)(i)
"Extraordinary Cash Dividend".....	6(h)(ix)
"Fair Market Value".....	6(h)(x)
"Five Day Ratio".....	6(h)(xi)
"Fraction".....	6(e)(i)
"Junior Preferred Stock".....	3(c)
"Liquidation".....	3(b)
"Listed Common Stock".....	6(h)(xii)
"Listed Security".....	6(h)(xiii)
"Market Price".....	6(h)(xiv)
"NNM".....	6(h)(xix)
"Occidental Common Stock".....	3(c)
"Price Ratio".....	6(h)(xv)
"Purchased Shares".....	6(e)(i)
"Record Date".....	3(a)
"Redemption Notice".....	5(c)
"Redemption Period".....	6(h)(xvi)
"Redemption Price".....	5(a)
"Regular Cash Dividend".....	6(h)(xvii)
"Rights".....	3(c)
"Rights Agreement".....	3(c)
"Share Factor".....	6(h)(xviii)
"Specified Date".....	6(h)(xiv)
"Specified Dividend".....	6(h)(ix)
"Successor".....	6(e)(iii)
"Trading Day".....	6(h)(xix)

All references in this Certificate to "dollars," "\$," "United States Dollars" and all similar references are to United States dollars; and all references in this Certificate to "Canadian Dollars" and all similar references are to Canadian dollars.

3. Dividends. (a) Holders of Convertible Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the assets of the Corporation at the time legally available therefor,

cash dividends at an annual rate of \$3.00 per share, and no more, which shall be fully cumulative, shall accumulate without interest from the date shares of Convertible Preferred Stock are first issued (the "Date of Original Issue"), and shall be payable, in cash, quarterly in arrears on January 1, April 1, July 1 and October 1 of each year (each, a "Dividend Payment Date"), commencing April 1, 1994 (except that, if any such date is a Saturday, Sunday or Legal Holiday, then such dividend shall be payable on the next day that is not a Saturday, Sunday or Legal Holiday), to holders of record as they appear upon the stock transfer books of the Corporation at the close of business on such record dates, not more than sixty days nor less than ten days preceding the related Dividend Payment Dates, as are fixed by the Board of Directors (each, a "Record Date"). Subject to Section 3(c), dividends on account of arrearages for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date. Holders at the close of business on a Record Date of shares of Convertible Preferred Stock that are called for redemption on a redemption date during the period (the "Ex-Dividend Period") between such Record Date and the corresponding Dividend Payment Date shall not, in their capacity as such, be entitled to receive the dividend payment on such Dividend Payment Date.

(b) The dividend payable as set forth in Section 3(a) on each share of the Convertible Preferred Stock for each full quarterly Dividend Period during which such share was outstanding shall be \$0.75. For the Initial Dividend Period and any Subsequent Dividend Period during which such share was not outstanding for a full quarterly Dividend Period, the dividend payable on each such share of the Convertible Preferred Stock shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Notwithstanding the foregoing, in the event that any shares of Convertible Preferred Stock are issued after the Date of Original Issue upon exercise of any underwriter's over-allotment option, such shares shall be deemed to have been outstanding from the Date of Original Issue. The aggregate dividend paid to a holder of Convertible Preferred Stock shall be based on the aggregate number of shares of Convertible Preferred Stock held by such holder at the close of business on the applicable record date and rounded to the nearest whole cent (with one-half cent rounded upward). Unless otherwise provided herein, dividends on each share of Convertible Preferred Stock will be cumulative from and including the Date of Original Issue to and excluding the earliest to occur of (i) the date of redemption of such share, (ii) the date of conversion of such share and (iii) the date of final distribution of assets upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (any such event referred to in this clause (iii), a "Liquidation"). Holders of shares of the Convertible Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends, or to any interest, or sum of money in lieu of interest, in respect of any dividend payment or payments on shares of the Convertible Preferred Stock that may be in arrears. Any dividend payment made on shares of the Convertible Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend with respect to shares of the Convertible Preferred Stock.

(c) No dividends or other distributions (other than a dividend or distribution in Common Stock, par value \$.20 per share ("Occidental Common Stock"), of the Corporation or in any other stock of the Corporation ranking junior to the Convertible Preferred Stock as to dividends and upon Liquidation ("Junior Preferred Stock")) shall be declared, made or paid or set apart for payment or distribution upon the Occidental Common Stock or upon any other stock of the Corporation ranking junior to or on a parity with the Convertible Preferred Stock as to dividends, nor may any Occidental Common Stock or any other stock of the Corporation ranking junior to or on a parity with the Convertible Preferred Stock as to dividends or upon Liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of such stock) by the Corporation (except by conversion into or in exchange for Occidental Common Stock or Junior Preferred Stock), unless full cumulative dividends on all outstanding shares of the Convertible Preferred Stock have been, or contemporaneously are, declared and paid, or declared and a sum sufficient for the payment thereof is set apart for the payment thereof, for all Dividend Periods ending on or prior to the date of such declaration, payment, distribution, setting apart, making monies available, redemption, purchase or acquisition. Notwithstanding the foregoing, (i) nothing in this Certificate shall prevent the Corporation from making contributions to, or purchasing capital stock in connection with, its employee benefit or dividend reinvestment plans, or from redeeming rights outstanding under the Rights Agreement, dated as of October 17, 1986, between the Corporation and the Rights Agent named therein, as such agreement may be supplemented, amended or

replaced from time to time (the "Rights Agreement"), or any similar rights (the rights under the Rights Agreement and such similar rights, collectively, "Rights") and (ii) if at any time full cumulative dividends have not been declared and paid on the Convertible Preferred Stock and on any of the Corporation's preferred stock ranking on a parity as to dividends with the Convertible Preferred Stock, partial dividends may be declared and paid on the Convertible Preferred Stock and such other preferred stock so long as such dividends are declared and paid pro rata so that the amounts of dividends declared and paid per share on the Convertible Preferred Stock and such other preferred stock will in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of the Convertible Preferred Stock and such other preferred stock bear to each other.

(d) Any reference to "distribution" contained in this Section 3 shall not include any distribution made in connection with any Liquidation.

4. Liquidation Preference. In the event of any Liquidation, each holder of a share of Convertible Preferred Stock shall be entitled to receive, and be paid out of the assets of the Corporation available for distribution to its stockholders, a liquidation preference in the amount of \$50.00 per share, plus all accumulated and unpaid dividends on such share to the date of final distribution to the holders of shares of Convertible Preferred Stock, whether or not declared, without interest, and no more, before any payment shall be made or any assets distributed to the holders of Occidental Common Stock or any other class or series of the Corporation's stock ranking junior to the Convertible Preferred Stock upon such Liquidation. If, upon any Liquidation, the amounts payable with respect to the liquidation preference of the Convertible Preferred Stock and any other shares of the Corporation's stock ranking on a parity with the Convertible Preferred Stock upon such Liquidation are not paid in full, the holders of Convertible Preferred Stock and of such other shares will share pro rata in the amounts payable and other property distributable with respect to such Liquidation so that the per share amounts to which holders of Convertible Preferred Stock and such other shares are entitled will in all cases bear to each other the same ratio that the liquidation preferences of the Convertible Preferred Stock and such other stock bear to each other. After payment in full of the preferences in respect of the shares of the Convertible Preferred Stock upon Liquidation, the holders of such shares in their capacity as such shall not be entitled to any further right or claim to any remaining assets of the Corporation. Neither a consolidation or merger of the Corporation with or into another corporation, nor a merger of any other corporation with or into the Corporation, nor the sale of all or substantially all of the Corporation's property or business (other than in connection with a winding up of its business) will be considered a Liquidation for purposes of this Certificate.

5. Redemption at Option of the Corporation. (a) The Convertible Preferred Stock may not be redeemed by the Corporation prior to January 1, 1999. On or after January 1, 1999, the Convertible Preferred Stock may be redeemed by the Corporation, at its option on any date set by the Board of Directors, in whole or from time to time in part, out of funds legally available therefor, at any time or from time to time, at the following redemption prices per share, if redeemed during the 12-month period beginning January 1, of the year indicated:

YEAR ----	REDEMPTION PRICE PER SHARE -----
1999.....	\$51.50
2000.....	51.20
2001.....	50.90
2002.....	50.60
2003.....	50.30
2004 and thereafter.....	50.00

plus, in each case, an amount in cash equal to all accumulated and unpaid dividends thereon, if any, whether or not declared, to but excluding the date fixed for redemption, such sum being hereinafter referred to as the "Redemption Price". The aggregate Redemption Price paid to a holder of Convertible Preferred Stock shall be the product of the aggregate number of shares of Convertible Preferred Stock redeemed from such holder and the per share Redemption Price, with such product being rounded to the nearer cent, with one-half cent rounded upward.

(b) In case of the redemption of less than all of the then outstanding shares of Convertible Preferred Stock, the Corporation shall designate the shares to be redeemed by lot, pro rata or in such other manner as the Board of Directors may determine. The Corporation shall not redeem less than all of the Convertible Preferred Stock at any time outstanding unless all dividends accumulated and in arrears upon all shares of Convertible Preferred Stock shall have been paid for all Dividend Periods ending on or prior to the redemption date.

(c) Not more than sixty nor less than thirty days prior to the redemption date fixed by the Board of Directors, notice (the "Redemption Notice") by first class mail, postage prepaid, shall be given to the holders of record of shares of the Convertible Preferred Stock to be redeemed, addressed to such holders at their last addresses as shown upon the stock transfer books of the Corporation. Each such Redemption Notice shall specify (i) the date fixed for redemption, (ii) the number of shares of Convertible Preferred Stock to be redeemed, and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the Redemption Price, (iv) the place or places of payment, (v) that payment will be made upon presentation and surrender of the certificates representing shares of Convertible Preferred Stock, (vi) that on and after the date fixed for redemption dividends will cease to accumulate on such shares (unless the Corporation defaults in the payment of the Redemption Price), (vii) the then-effective Share Factor and (viii) that the right of holders to convert shares of Convertible Preferred Stock called for redemption shall terminate at the close of business on the date fixed for redemption (unless the Corporation defaults in the payment of the Redemption Price).

(d) Any Redemption Notice that is mailed as herein provided shall be conclusively presumed to have been duly given, whether or not the holder of shares of Convertible Preferred Stock receives such Redemption Notice; and failure to give such Redemption Notice by mail, or any defect in such Redemption Notice to the holders of any shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Convertible Preferred Stock. On or after the date fixed for redemption as stated in such Redemption Notice, each holder of the shares called for redemption shall surrender the certificate evidencing such shares to the Corporation at a place designated in such Redemption Notice and shall thereupon be entitled to receive payment of the Redemption Price for each such share. A Redemption Notice having been given as aforesaid, if, on the date fixed for redemption, funds necessary for the redemption shall be legally available therefor and shall have been irrevocably deposited or set aside, then, notwithstanding that the certificates evidencing any shares of Convertible Preferred Stock so called for redemption shall not have been surrendered, (i) dividends with respect to the shares so called for redemption shall cease to accumulate on the date fixed for redemption, (ii) such shares shall no longer be deemed outstanding, (iii) the holders thereof shall cease to be stockholders of the Corporation to the extent of their interest in such shares and (iv) all rights whatsoever with respect to the shares so called for redemption (except the right of the holders to receive the Redemption Price for each share, without interest or any sum of money in lieu of interest thereon, upon surrender of their certificates therefor at a place designated in such Redemption Notice) shall terminate. If funds legally available for such purpose are not sufficient for redemption of all of the shares of Convertible Preferred Stock that were to be redeemed, then such funds shall be applied pro rata to the redemption of all of the shares of Convertible Preferred Stock to be redeemed. If less than all of the shares of Convertible Preferred Stock evidenced by any certificate are so redeemed, a new certificate shall be issued evidencing the unredeemed portion of such shares, such unredeemed shares shall remain outstanding and the rights of holders of such unredeemed shares of Convertible Preferred Stock thereafter shall continue to be only those of a holder of shares of the Convertible Preferred Stock.

(e) The shares of Convertible Preferred Stock shall not be subject to the operation of any mandatory redemption, purchase, retirement or sinking fund.

(f) Holders of Convertible Preferred Stock shall have no right to require redemption of the Convertible Preferred Stock.

6. Conversion Privileges.

(a) Rights of Conversion. Subject to the other provisions of this Certificate of Designations (including Section 6(e)(ii)), each holder of shares of Convertible Preferred Stock shall have the right, at such holder's

option, to convert all or a portion of the shares held, at any time or from time to time prior to the close of business on the date fixed for redemption of such shares as herein provided (unless the Corporation shall fail irrevocably to deposit or set aside the funds sufficient for such redemption), into that number of fully paid and nonassessable shares of Occidental Common Stock (calculated as to each conversion to the nearer 1/100th of a share, with .5/100 rounded upwards to 1/100) determined by multiplying (i) the Conversion Ratio by (ii) the aggregate number of shares of Convertible Preferred Stock being converted at such time by such holder.

(b) Conversion Procedures. Any holder of shares of Convertible Preferred Stock desiring to convert such shares pursuant hereto shall surrender the certificate or certificates evidencing such shares at the office of a transfer agent for the Convertible Preferred Stock, which certificate or certificates, if the Corporation shall so require, shall be duly endorsed to the Corporation or in blank, or accompanied by proper instruments of transfer to the Corporation or in blank, accompanied by (i) an irrevocable written notice to the Corporation that the holder elects to convert such shares and specifying the name or names (with address or addresses) in which a certificate or certificates evidencing shares of Occidental Common Stock are to be issued, (ii) if required pursuant to Section 6(f), an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid) and (iii) such other payment, if any, required pursuant to the following paragraph.

Except as provided in Section 3(a), the holder of a share of Convertible Preferred Stock at the close of business on a Record Date shall be entitled to receive the dividend payable thereon on the corresponding Dividend Payment Date notwithstanding the conversion thereof during the Ex-Dividend Period or the Corporation's default in the payment of the dividend due on such Dividend Payment Date; provided, that, unless such share has been called for redemption on a redemption date during the Ex-Dividend Period, a share of Convertible Preferred Stock surrendered for conversion during the Ex-Dividend Period must be accompanied by payment of an amount equal to the dividend payable on such share on such Dividend Payment Date. Except as provided for above, no payments or adjustments in respect of dividends on shares of Convertible Preferred Stock surrendered for conversion (whether or not in arrears) or on account of any dividend on the Occidental Common Stock issued upon conversion shall be made upon the conversion of any shares of Convertible Preferred Stock.

The Corporation shall, as soon as practicable after such surrender for conversion of certificates evidencing shares of Convertible Preferred Stock and compliance with the other conditions herein contained, but subject to Section 6(f), deliver at such offices of such transfer agent to the person for whom such shares of Convertible Preferred Stock are so surrendered, or to the nominee or nominees of such person, certificates evidencing the number of full shares of Occidental Common Stock to which such person shall be entitled, together with a cash payment in respect of any fraction of a share of Occidental Common Stock or any cash payment pursuant to Section 6(e)(iii), Section 6(e)(iv) or Section 6(f). Subject to the following provisions of this paragraph, each conversion shall be deemed to have been effected immediately prior to the close of business on the date (the "Conversion Date") on which the certificates for shares of Convertible Preferred Stock to be converted shall have been surrendered together with the irrevocable written notice, the payment of taxes (if applicable), and an amount equal to the dividend payable (if applicable), all as provided in the first two paragraphs of this Section 6(b). The person or persons entitled to receive the Occidental Common Stock deliverable upon conversion of such Convertible Preferred Stock shall be treated for all purposes as the record holder or holders of such Occidental Common Stock on the Conversion Date, unless the stock transfer books of the Corporation or the Successor, as the case may be, shall be closed on the Conversion Date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be based upon the Conversion Ratio in effect on the Conversion Date.

(c) Adjustment of Terms of Conversion. The terms of conversion shall be subject to adjustment from time to time in accordance with Section 6(e) and as follows:

(i) If CanadianOxy shall fix a Determination Date with respect to the payment or making of a dividend or other distribution on the CanadianOxy Common Shares exclusively in CanadianOxy

Common Shares, the Share Factor in effect as of the opening of business on the day following the Determination Date shall be increased by dividing such Share Factor by a fraction (A) the numerator of which shall be one and (B) the denominator of which shall be the sum of one and the number of shares, or fraction thereof, constituting such dividend or other distribution to be paid or made in respect of each CanadianOxy Common Share.

(ii) If CanadianOxy shall fix a Determination Date with respect to the making of a dividend or other distribution on the CanadianOxy Common Shares consisting exclusively of rights or warrants entitling the holders thereof to subscribe for or purchase, during a period not exceeding 45 days from the date of such dividend or other distribution, CanadianOxy Common Shares at a price per share less than the Market Price of one CanadianOxy Common Share on the Ex-Date for such dividend or distribution, the Share Factor in effect as of the opening of business on the day following the Determination Date shall be increased by dividing such Share Factor by a fraction (A) the numerator of which shall be the sum of one plus a fraction, the numerator of which is equal to the product of (x) the number of CanadianOxy Common Shares that may be subscribed for or purchased pursuant to the rights or warrants paid as a dividend on, or distributed in respect of, each CanadianOxy Common Share and (y) the per share subscription or purchase price of such rights or warrants (converted to United States Dollars based on the Currency Exchange Rate in effect on the second Trading Day immediately preceding the Ex-Date), and the denominator of which is equal to the Market Price of one CanadianOxy Common Share on the Ex-Date, and (B) the denominator of which shall be the sum of one plus the number of CanadianOxy Common Shares that may be subscribed for or purchased pursuant to the rights or warrants paid as a dividend on, or distributed in respect of, each CanadianOxy Common Share.

(iii) If outstanding CanadianOxy Common Shares shall be subdivided into a greater number of CanadianOxy Common Shares or combined into a smaller number of CanadianOxy Common Shares, the Share Factor in effect at the opening of business on the day upon which such subdivision or combination becomes effective shall be proportionately increased or reduced, respectively.

(iv) If CanadianOxy shall fix a Determination Date with respect to the making of a dividend or other distribution on the CanadianOxy Common Shares (other than a dividend or distribution referred to in Section 6(c)(i) or Section 6(c)(ii), or in connection with a liquidation, dissolution or winding up (whether voluntary or involuntary) of CanadianOxy) consisting of evidences of its indebtedness, shares of any class of capital stock or other assets (including securities and Extraordinary Cash Dividends, but excluding Regular Cash Dividends) (any of the foregoing, other than any such excluded dividend or distribution, being hereinafter referred to as "Assets"), then, in each such case, the Conversion Ratio in effect as of the opening of business on the day following the Determination Date shall thereafter be increased by adding thereto the product of (A) the Share Factor in effect on the Determination Date and (B) a fraction, the numerator of which is the Fair Market Value on the Determination Date of the portion of the Assets to be so distributed applicable to one CanadianOxy Common Share and the denominator of which is the Market Price of one share of Occidental Common Stock on the applicable Conversion Date.

(v) If the terms of conversion are adjusted pursuant to Section 6(c)(i), Section 6(c)(ii) or Section 6(c)(iv) as a result of CanadianOxy fixing a Determination Date, and the dividend or distribution with respect to which such Determination Date was fixed is not paid or made, or is only paid or made in part, the Share Factor or Conversion Ratio in effect as of the opening of business on the day following the date on which such dividend or distribution was to have been paid or made shall be adjusted to equal either (A) if such dividend or distribution is not paid or made, the Share Factor or Conversion Ratio that would then be in effect if such Determination Date had not been fixed, or (B) if such dividend or distribution is only paid or made in part, the Share Factor or Conversion Ratio that would then be in effect if the adjustment made as of the opening of business on the day following the Determination Date had been made on the basis of a dividend or distribution in the amount actually paid or made. If the terms of conversion are adjusted pursuant to Section 6(c)(ii) or Section 6(c)(iv) as a result of CanadianOxy fixing a Determination Date for a dividend or distribution consisting of rights or warrants, and any of such rights or warrants expire unexercised, the Share Factor or Conversion Ratio in effect as of the opening of

business on the day following the date of expiration of such rights or warrants shall be adjusted to equal the Share Factor or Conversion Ratio that would then be in effect if the adjustment made as of the opening of business on the day following the Determination Date with respect to such dividend or distribution had been made assuming that the number of CanadianOxy Common Shares that could be subscribed for or purchased pursuant to the rights or warrants paid as a dividend on, or distributed in respect of, each CanadianOxy Common Share had been multiplied by a fraction, the numerator of which is equal to the total number of such rights or warrants that were actually exercised and the denominator of which is equal to the total number of such rights or warrants that were paid as a dividend or distributed.

(vi) In addition to any other adjustment required hereby, to the extent permitted by law, the Corporation from time to time may increase the Share Factor by any amount, permanently or for any period of time of at least twenty days (excluding Legal Holidays), if the increase is irrevocable during the period. Whenever the Share Factor is increased pursuant to this Section 6(c)(vi), the Corporation shall mail to holders of record of the Convertible Preferred Stock a notice of the increase at least fifteen days prior to the date the increased Share Factor takes effect, and such notice shall state the increased Share Factor and, if applicable, the period it will be in effect.

(vii) No adjustment in the Share Factor pursuant to this Section 6(c) or Section 6(e) shall be required unless such adjustment would require an increase or decrease of at least 1% in the Share Factor; provided, however, that any adjustments which by reason of this subparagraph (vii) are not required to be made shall be carried forward and taken into account in determining whether any subsequent adjustment shall be required.

(viii) When the terms of conversion are adjusted as provided in this Certificate of Designations:

(1) the Corporation shall compute the adjustment and shall prepare a certificate signed by the Treasurer or an Assistant Treasurer of the Corporation setting forth the adjusted terms of conversion and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed with the transfer agent for the Convertible Preferred Stock; and

(2) a notice stating that the terms of conversion have been adjusted and setting forth the adjusted terms of conversion shall as soon as practicable after the Corporation has calculated such adjustment be mailed by the Corporation to all record holders of shares of Convertible Preferred Stock at their last addresses as they shall appear upon the stock transfer books of the Corporation.

(ix) In any case in which this subparagraph (c) provides that an adjustment shall become effective as of the opening of business on the day following the Determination Date with respect to a dividend or distribution or on the day following the day upon which a subdivision or combination becomes effective, the Corporation may defer until such dividend, distribution, subdivision or combination is effected (A) issuing to the holder of any share of Convertible Preferred Stock converted after such day and before such dividend, distribution, subdivision or combination is effected the additional shares of Occidental Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Occidental Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount in cash in lieu of any fractional share of Occidental Common Stock pursuant to Section 6(d).

(d) No Fractional Shares. No fractional shares or scrip representing fractional shares of Occidental Common Stock shall be issued upon conversion of Convertible Preferred Stock. If a certificate or certificates representing more than one share of Convertible Preferred Stock shall be surrendered for conversion at one time by the same record holder, the number of full shares of Occidental Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Convertible Preferred Stock so surrendered by such record holder as provided in Section 6(a). In lieu of any fractional share of Occidental Common Stock that would otherwise be issuable upon conversion of any shares of Convertible Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional share in an amount equal to the same fraction of the Closing Price of the Occidental Common Stock on the Trading Day

immediately preceding the Conversion Date, calculated to the nearer cent, with one-half cent rounded upward.

(e) Self-Tender for CanadianOxy Common Shares; Reclassification, Consolidation or Merger; Occidental Common Stock No Longer Listed.

(i) Self-Tender for CanadianOxy Common Shares. In the case of the consummation of a tender or exchange offer (other than an odd-lot tender offer) made by CanadianOxy or any subsidiary of CanadianOxy for all or any portion of the CanadianOxy Common Shares, in which the cash and value of any other consideration included in such payment per CanadianOxy Common Share (converted to United States Dollars based on the Currency Exchange Rate in effect on the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (the "Expiration Date")) exceeds the Market Price of one CanadianOxy Common Share on the Ex-Date for such tender or exchange offer, the Share Factor in effect as of the opening of business on the day following the Expiration Date shall be increased by dividing such Share Factor by a fraction (the "Fraction") of which (A) the numerator shall be the difference between (x) the number of CanadianOxy Common Shares outstanding at the close of business on the Expiration Date, including any Purchased Shares (as hereafter defined), multiplied by the Market Price of one CanadianOxy Common Share on the Ex-Date and (y) the Fair Market Value on the Ex-Date of the aggregate consideration payable to holders of CanadianOxy Common Shares based on the acceptance (up to a maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (B) the denominator shall be the product of the number of CanadianOxy Common Shares outstanding at the close of business on the Expiration Date (excluding any Purchased Shares) and the Market Price of one CanadianOxy Common Share on the Ex-Date. No such adjustment shall be made if the Fraction is equal to or greater than .85.

(ii) Reclassification, Consolidation or Merger of CanadianOxy. If all or substantially all (as determined in good faith by the Corporation's Board of Directors) of the CanadianOxy Common Shares are exchanged for, converted into, or acquired for, or constitute solely the right to receive, cash, securities, property or other assets (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise) other than pursuant to a tender or exchange offer to which Section 6(e)(i) applies, then each holder of shares of Convertible Preferred Stock then outstanding shall thereafter have the right, at such holder's option, to convert all or a portion of the shares held, at any time or from time to time prior to the close of business on the date fixed for redemption of such shares as herein provided (unless the Corporation shall fail irrevocably to deposit or set aside the funds sufficient for such redemption), only into that number of fully paid and nonassessable shares of Occidental Common Stock equal to the product of (A) the sum of (x) an amount equal to the product of (i) the Share Factor in effect on the date on which such transaction becomes effective, and (ii) the Price Ratio in effect on the Conversion Date for such shares of Convertible Preferred Stock, assuming, for purposes of calculating such Price Ratio, that the Closing Price and the Market Price of one CanadianOxy Common Share, at all relevant times, is equal to the Fair Market Value, on the effective date of the transaction, of the cash, securities, property or other assets that a holder of one CanadianOxy Common Share would be entitled to receive in connection therewith and (y) for each dividend or distribution of Assets pursuant to which the Conversion Ratio has been increased pursuant to Section 6(c)(iv), an amount equal to the product of (i) the Share Factor in effect on the Determination Date for such dividend or distribution and (ii) a fraction, the numerator of which is the Fair Market Value on the Determination Date of the portion of the Assets to be so distributed applicable to one CanadianOxy Common Share and the denominator of which is the Market Price of one share of Occidental Common Stock on the applicable Conversion Date and (B) the aggregate number of shares of Convertible Preferred Stock being converted at such time by such holder; provided, however, that notwithstanding the foregoing, if all or substantially all (as determined in good faith by the Corporation's Board of Directors) of the CanadianOxy Common Shares are exchanged for, converted into, or acquired for, or constitute solely the right to receive, shares of one or more Listed Common Stocks issued by

CanadianOxy or its successor (and cash paid in lieu of fractional shares) and all or substantially all (as determined in good faith by the Corporation's Board of Directors) of the market value of the outstanding CanadianOxy Common Shares is represented by shares of one such Listed Common Stock, then (A) the Share Factor in effect on the opening of business on the date after the effective date of such transaction shall be adjusted by multiplying such Share Factor by the number of shares of such Listed Common Stock which the holder of CanadianOxy Common Shares was entitled to receive upon the consummation of such transaction for each CanadianOxy Common Share held, (B) if shares of such Listed Common Stock are to be issued by CanadianOxy, all references in this Certificate of Designations to "CanadianOxy Common Shares" shall, after the effective date of such transaction, be deemed to refer to shares of such Listed Common Stock, and (C) if shares of such Listed Common Stock are to be issued by a successor to CanadianOxy, all references in this Certificate of Designations to "CanadianOxy Common Shares" (other than in this proviso, it being the case that if a similar event occurs with respect to the Listed Common Stock of a successor to CanadianOxy, this proviso shall not apply) and all references to "CanadianOxy" shall, after the effective date of such transaction, be deemed to refer to shares of such Listed Common Stock and such successor, respectively (it being the case that, after the effective date of the transaction, the Day Prior Ratio and the Five Day Ratio shall be calculated by reference to Closing Prices of shares of such Listed Common Stock rather than CanadianOxy Common Shares).

(iii) Reclassification, Consolidation or Merger of Occidental. If all or substantially all (as determined in good faith by the Corporation's Board of Directors) of the Occidental Common Stock is exchanged for, converted into, or acquired for, or constitutes solely the right to receive, cash, securities, property or other assets (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise), then each holder of shares of Convertible Preferred Stock then outstanding shall thereafter have the right, at such holder's option, to convert all or a portion of the shares held, at any time or from time to time prior to the close of business on the date fixed for redemption of such shares as herein provided (unless the Corporation shall fail irrevocably to deposit or set aside the funds sufficient for such redemption), into shares of a Listed Common Stock of the Corporation or the person formed by any consolidation or resulting from any such merger or which acquires all or substantially all of the Occidental Common Stock (the "Successor") or, if the Corporation or the Successor so elects at the time of any such conversion or if shares of Listed Common Stock of the Corporation or the Successor are not available, and subject to funds being legally available for such purpose under applicable law at the time of such conversion, into cash or any combination of cash and shares of such Listed Common Stock, in each such case, having an aggregate Fair Market Value on the Conversion Date equal to the sum of (x) the product of (i) the Share Factor in effect on the Conversion Date and (ii) the Market Price of one CanadianOxy Common Share on the Conversion Date and (y) for each dividend or distribution of Assets pursuant to which the Conversion Ratio has been increased pursuant to Section 6(c)(iv), an amount equal to the product of (i) the Share Factor in effect on the Determination Date for such dividend or distribution and (ii) the Fair Market Value on the Determination Date of the portion of the Assets to be so distributed applicable to one CanadianOxy Common Share. If, pursuant to the foregoing provision, the Convertible Preferred Stock becomes convertible into shares of Listed Common Stock of the Corporation other than the Occidental Common Stock, then all references in this Section 6 (other than in Section 6(j)) to "Occidental Common Stock" shall, after the effective date of the transaction, be deemed to be references to such other Listed Common Stock (it being the case that the Day Prior Ratio and the Five Day Ratio shall thereafter be calculated by reference to Closing Prices of shares of such Listed Common Stock rather than shares of Occidental Common Stock).

(iv) Occidental Common Stock No Longer Listed. If the Occidental Common Stock ceases to be a Listed Common Stock, other than by reason of a transaction described in Section 6(e)(iii), then each holder of shares of Convertible Preferred Stock then outstanding shall thereafter have the right, at such holder's option, to convert all or a portion of the shares held, at any time or from time to time prior to the close of business on the date fixed for redemption of such shares as herein provided (unless the Corporation shall fail irrevocably to deposit or set aside the funds sufficient for such redemption), into shares of a Listed Common Stock of the Corporation or, if the Corporation so elects at the time of any

such conversion or if shares of Listed Common Stock of the Corporation are not available, and subject to funds being legally available for such purpose under applicable law at the time of such conversion, into cash or any combination of cash and shares of such Listed Common Stock, in each such case having an aggregate Fair Market Value on the Conversion Date equal to the sum of (x) the product of (i) the Share Factor in effect on the Conversion Date and (ii) the Market Price of one CanadianOxy Common Share on the Conversion Date and (y) for each dividend or distribution of Assets pursuant to which the Conversion Ratio has been increased pursuant to Section 6(c)(iv), an amount equal to the product of (i) the Share Factor in effect on the Determination Date for such dividend or distribution and (ii) the Fair Market Value on the Determination Date of the portion of the Assets to be so distributed applicable to one CanadianOxy Common Share. If, pursuant to the foregoing provision, the Convertible Preferred Stock becomes convertible into shares of Listed Common Stock of the Corporation other than the Occidental Common Stock, then all references in this Section 6 (other than in Section 6(j)) to "Occidental Common Stock" shall, after the date on which the Occidental Common Stock is no longer a Listed Common Stock, be deemed to be references to such other Listed Common Stock (it being the case that the Day Prior Ratio and the Five Day Ratio shall thereafter be calculated by reference to Closing Prices of shares of such Listed Common Stock rather than shares of Occidental Common Stock).

(f) Reservation of Shares; Transfer Taxes, Etc. The Corporation shall initially reserve and keep available, out of its authorized and unissued stock, solely for the purpose of effecting the conversion of the Convertible Preferred Stock, such number of shares of Occidental Common Stock (and associated Rights, if any) free of preemptive rights as shall initially be sufficient to effect the conversion of all shares of Convertible Preferred Stock initially issued. The Corporation may, from time to time thereafter, reduce the number of such shares reserved and kept available, out of its authorized and unissued stock, to an amount sufficient to effect the conversion, at such time, of all shares of Convertible Preferred Stock then issued and outstanding. The Corporation shall from time to time, in accordance with the laws of the State of Delaware, use commercially reasonable efforts to increase the authorized number of shares of Occidental Common Stock (and associated Rights, if any) if at any time the number of shares of authorized and unissued Occidental Common Stock (and associated Rights, if any) shall not be sufficient to permit the conversion of all the then outstanding shares of Convertible Preferred Stock. If the delivery of Occidental Common Stock upon conversion of the Convertible Preferred Stock requires registration with or approval of any governmental authority under the laws of any United States jurisdiction, the Corporation will in good faith and as expeditiously as possible use commercially reasonable efforts to make such registration or obtain such approval, and shall not be required to deliver shares of Occidental Common Stock upon conversion until such registration is made or such approval is obtained. In addition, the Corporation shall not be required to deliver shares of Occidental Common Stock upon conversion if, in the opinion of its counsel, such delivery would violate the laws of any jurisdiction outside the United States.

The Corporation shall pay any and all issue or other taxes (other than taxes based on income) that may be payable in respect of any issue or delivery of shares of Occidental Common Stock (or other securities or assets) upon conversion of the Convertible Preferred Stock. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of Occidental Common Stock (or other securities or assets) in a name other than that in which the shares of Convertible Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

To the extent required by law, the Corporation may, upon any conversion of Convertible Preferred Stock, retain any shares of Occidental Common Stock (or other securities or assets) otherwise required to be delivered upon such conversion to the extent necessary to provide for the payment of taxes required to be withheld or deducted by the Corporation, and paid to any taxing authority having jurisdiction, from amounts otherwise due to the holder; provided that the Corporation shall apply such shares or other securities or assets (or cash received upon disposition thereof), or make other provision, to discharge such taxes.

At any time that the Corporation lacks sufficient authorized and unissued shares of Occidental Common Stock to effect the conversion of all shares of outstanding Convertible Preferred Stock, the Corporation may, to the extent of such insufficiency and subject to funds being legally available for such purpose under applicable law at the time of conversion, elect to deliver, in lieu of shares of Occidental Common Stock, cash in an amount equal to the product of (i) such number of shares of Occidental Common Stock as would otherwise be deliverable and (ii) the Market Price on the Conversion Date of one share of Occidental Common Stock.

(g) Prior Notice of Certain Events. In case:

(i) CanadianOxy shall (A) declare any dividend or any other distribution on the CanadianOxy Common Shares (other than (x) a dividend or other distribution payable in CanadianOxy Common Shares or (y) a Regular Cash Dividend on CanadianOxy Common Shares), (B) declare or authorize a redemption or repurchase of in excess of 10% of the then outstanding CanadianOxy Common Shares, or (C) authorize the granting to all holders of CanadianOxy Common Shares of rights or warrants to subscribe for or purchase any shares of stock of any class or of any other rights or warrants; or

(ii) the Corporation or the Successor, as the case may be, shall (A) declare any dividend or any other distribution on the Occidental Common Stock (other than (x) a dividend or other distribution payable in shares of Occidental Common Stock, (y) a Regular Cash Dividend on Occidental Common Stock or (z) a dividend or other distribution of Rights that at the time are not exercisable or tradeable separately from the Occidental Common Stock), (B) declare or authorize a redemption or repurchase of in excess of 10% of the then outstanding shares of Occidental Common Stock, or (C) authorize the granting to all holders of Occidental Common Stock of rights or warrants to subscribe for or purchase any shares of stock of any class or any other rights or warrants (other than Rights); or

(iii) of any reclassification of CanadianOxy Common Shares or Occidental Common Stock (other than a subdivision or combination of the outstanding CanadianOxy Common Shares or the outstanding Occidental Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which CanadianOxy or the Corporation is a party and for which approval of any stockholders of CanadianOxy or the Corporation, as the case may be, shall be required, or of any compulsory share exchange whereby CanadianOxy Common Shares or Occidental Common Stock is converted into other securities, cash or other property; or

(iv) of a Liquidation or a liquidation, dissolution or winding up (whether voluntary or involuntary) of CanadianOxy;

then the Corporation shall cause to be filed with the transfer agent for, and mailed to the holders of record of, the Convertible Preferred Stock, at their last addresses as they shall appear upon the stock transfer books of the Corporation, at least fifteen days prior to the applicable record date, date of determination or effective date hereinafter specified (or, if later, in the case of action by CanadianOxy or transactions with respect to the CanadianOxy Common Shares, within fifteen days after the Corporation becomes aware thereof), a notice stating (x) the date on which a record (if any) is to be taken for the purpose of such dividend, distribution, redemption, repurchase or granting of rights or warrants or, if a record is not to be taken, the date as of which the holders of Occidental Common Stock or CanadianOxy Common Shares, as the case may be, of record to be entitled to such dividend, distribution, redemption, repurchase, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, share exchange, Liquidation or liquidation, dissolution or winding up of CanadianOxy is expected to become effective, and the date, if any, as of which it is expected that holders of record of Occidental Common Stock or CanadianOxy Common Shares, as the case may be, shall be entitled to exchange their shares of Occidental Common Stock or CanadianOxy Common Shares, as the case may be, for securities or other property deliverable upon such reclassification, consolidation, merger, share exchange, Liquidation or liquidation, dissolution or winding up (whether voluntary or involuntary) of CanadianOxy (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the corporate action required to be specified in such notice).

(h) Definitions. The following definitions shall apply to terms used in this Section 6:

(i) "CanadianOxy" shall mean Canadian Occidental Petroleum Ltd.

(ii) "CanadianOxy Common Shares" shall mean the common shares, no par value, of CanadianOxy.

(iii) "Closing Price" with respect to any security on any day shall mean the closing sale price, regular way, on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in each case on the principal United States (in the case of a security for which the principal trading market is in the United States) or Canadian (in the case of a security for which the principal trading market is in Canada) national securities exchange or quotation system on which such security is quoted or listed or admitted to trading, as the case may be, or, if not quoted or listed or admitted to trading on any United States or Canadian national securities exchange or quotation system, the average of the closing bid and asked prices of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or if not so available, in such manner as furnished by any NYSE member firm (in the case of a security for which the principal trading market is in the United States) or by any TSE member firm (in the case of a security for which the principal trading market is in Canada) selected from time to time by the Board of Directors for that purpose or a price determined in good faith by the Board of Directors and set forth in a resolution adopted by the Board of Directors. All Closing Prices denominated in Canadian Dollars shall be converted to United States Dollars based on the Currency Exchange Rate in effect on such day.

(iv) "Conversion Ratio" shall mean, as of any Conversion Date, the product of (A) the Price Ratio then in effect and (B) the Share Factor then in effect, subject to adjustment as provided in Section 6(c)(iv); provided, however, that during any Redemption Period, "Conversion Ratio" shall mean the Conversion Ratio in effect as of the first day of such Redemption Period.

(v) "Currency Exchange Rate" shall mean the noon buying rate, on the applicable day, in New York City for cable transfers payable in Canadian Dollars, as certified for customs purposes by the Federal Reserve Bank of New York (expressed in United States Dollars per Canadian Dollar) as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.10 (512), Foreign Exchange Rates" or any successor publication, or if such noon buying rate is not so published for the applicable day, "Currency Exchange Rate" shall mean the then most recently available such noon buying rate.

(vi) "Day Prior Ratio" shall mean, on any date (the "Calculation Date"), the amount determined by dividing (A) the Closing Price of one CanadianOxy Common Share by (B) the Closing Price of one share of Occidental Common Stock, in each case, on the first Trading Day with respect to both the CanadianOxy Common Shares and the Occidental Common Stock that immediately precedes the Calculation Date; provided, however, that if an event occurs with respect to the CanadianOxy Common Shares that would require an adjustment of the Share Factor pursuant to Section 6(c)(i), Section 6(c)(ii), Section 6(c)(iii) or Section 6(e)(i), or if an event occurs with respect to the Occidental Common Stock that would require such an adjustment if such event had occurred with respect to the CanadianOxy Common Shares, and the Ex-Date in connection with such event occurs on or prior to the Calculation Date, then (A) if such adjustment is not, or, in the case of an event with respect to the Occidental Common Stock, would not have been, effective as of the Calculation Date, and such Trading Day occurs on or after such Ex-Date, then, for each such event with respect to the CanadianOxy Common Shares, the Closing Price of one CanadianOxy Common Share for such Trading Day shall be adjusted and, for each such event with respect to the Occidental Common Stock, the Closing Price of one share of Occidental Common Stock for such Trading Day shall be adjusted, in each case, by multiplying such Closing Price by the Share Factor that would be in effect on the Calculation Date if the Share Factor had been so adjusted (assuming that the Share Factor in effect without such adjustment is equal to one) and (B) if such adjustment is, or, in the case of an event with respect to the Occidental Common Stock, would have been, effective as of the Calculation Date, and such Trading Day occurs prior to such

Ex-Date, then, for each such event with respect to the CanadianOxy Common Shares, the Closing Price of one CanadianOxy Common Share for such Trading Day shall be adjusted and, for each such event with respect to the Occidental Common Stock, the Closing Price of one share of Occidental Common Stock for such Trading Day shall be adjusted, in each case, by multiplying such Closing Price by the Share Factor that would be in effect on the Calculation Date if the Share Factor had not been so adjusted (assuming that the Share Factor in effect with such adjustment is equal to one); provided, further, that if an event occurs with respect to the CanadianOxy Common Shares that would require an adjustment of the Conversion Ratio pursuant to Section 6(c)(iv), or if an event occurs with respect to the Occidental Common Stock that would require such an adjustment if such event had occurred with respect to the CanadianOxy Common Shares, and the Ex-Date in connection with such event occurs on or prior to the Calculation Date, then (A) if such adjustment is not, or, in the case of an event with respect to the Occidental Common Stock, would not have been, effective as of the Calculation Date, and such Trading Day occurs on or after such Ex-Date, then, for each such event with respect to the CanadianOxy Common Shares, the Closing Price of one CanadianOxy Common Share for such Trading Day shall be adjusted and, for each such event with respect to the Occidental Common Stock, the Closing Price of one share of Occidental Common Stock for such Trading Day shall be adjusted, in each case, by adding to such Closing Price the Fair Market Value on the Determination Date of the portion of the Assets to be so distributed applicable to one CanadianOxy Common Share or one share of Occidental Common Stock, as the case may be, and (B) if such adjustment is, or, in the case of an event with respect to the Occidental Common Stock, would have been, effective as of the Calculation Date, and such Trading Day occurs prior to such Ex-Date, then, for each such event with respect to the CanadianOxy Common Shares, the Closing Price of one CanadianOxy Common Share for such Trading Day shall be adjusted and, for each such event with respect to the Occidental Common Stock, the Closing Price of one share of Occidental Common Stock for such Trading Day shall be adjusted, in each case, by subtracting from such Closing Price the Fair Market Value on the Determination Date of the portion of the Assets to be so distributed applicable to one CanadianOxy Common Share or one share of Occidental Common Stock, as the case may be. If two or more events occur that, pursuant to clause (A) of either of the provisos to this definition, require adjustments to be made to either the Closing Price of one CanadianOxy Common Share or the Closing Price of one share of Occidental Common Stock on the Trading Day with respect to which the Day Prior Ratio is being calculated, and the Ex-Dates in connection with such events occur on or prior to such Trading Day, the adjustments for such events shall be made in the reverse of the order in which the Ex-Dates in connection with such events occurred. If two or more events occur that, pursuant to clause (B) of either of the provisos to this definition, require adjustments to be made to either the Closing Price of one CanadianOxy Common Share or the Closing Price of one share of Occidental Common Stock on the Trading Day with respect to which the Day Prior Ratio is being calculated, and the Ex-Dates in connection with such events occur after such Trading Day, the adjustments for such events shall be made in the order in which the Ex-Dates in connection with such events occurred. If one or more events occur that, pursuant to clause (A) of either of the provisos to this definition, require adjustments to be made to either the Closing Price of one CanadianOxy Common Share or the Closing Price of one share of Occidental Common Stock on the Trading Day with respect to which the Day Prior Ratio is being calculated, and one or more events occur that, pursuant to clause (B) of either of such provisos, require adjustments to be made to such Closing Price, the adjustments for such events shall be made in the order in which the Ex-Dates in connection with such events occurred.

(vii) "Determination Date" shall mean (A) when used with respect to any dividend or other distribution, the date fixed for the determination of the holders of the security entitled to receive such dividend or distribution, or, if a dividend or distribution is paid or made without fixing such a date, the date of such dividend or distribution and (B) when used with respect to any subdivision or combination of shares of a security, the day upon which such subdivision or combination becomes effective.

(viii) "Ex-Date" shall mean (A) when used with respect to any dividend or distribution, the first date on which the security on which the dividend or distribution is payable trades regular way on the relevant exchange or in the relevant market without the right to receive such dividend or distribution, (B) when used with respect to any subdivision or combination of shares of a security, the first date on

which the security trades regular way on such exchange or in such market to reflect such subdivision or combination becoming effective, and (C) when used with respect to any tender or exchange offer, the first date on which the security subject to such tender or exchange offer trades regular way on the relevant exchange or in the relevant market without the right to participate in such tender or exchange offer.

(ix) "Extraordinary Cash Dividend" shall mean, with respect to any security, a cash dividend or cash distribution on such security (other than a dividend or distribution in connection with a liquidation, dissolution or winding up (whether voluntary or involuntary) of the issuer of such security) (the "Specified Dividend"), in an amount determined pursuant to the following sentence. If, upon the date prior to the date of the declaration (the "Declaration Date") with respect to the Specified Dividend, the aggregate per share amount of the Specified Dividend, together with the aggregate per share amounts of all cash dividends and cash distributions on such security with Ex-Dates occurring in the 360 consecutive day period ending on the date prior to the Ex-Date with respect to the Specified Dividend, exceeds 15% of the Market Price (which, in the case of a cash dividend or distribution denominated in Canadian dollars, shall be denominated in Canadian dollars and calculated using Closing Prices converted to Canadian dollars based on the Currency Exchange Rate in effect on the day each such Closing Price is determined) of such security on the Trading Day prior to the Declaration Date with respect to the Specified Dividend, such excess shall be deemed to be an Extraordinary Cash Dividend.

(x) "Fair Market Value" shall mean (A) with respect to an asset other than cash or a Listed Security, the fair market value in United States Dollars (with foreign currencies converted into United States Dollars on the basis of the relevant noon buying rate on the relevant date determined, to the extent possible, in accordance with Section 6(h)(v) hereof) determined by the Board of Directors, whose determination shall be conclusive, and set forth in a resolution adopted by the Board of Directors, (B) with respect to cash, the amount of such cash, converted to United States Dollars using the Currency Exchange Rate on the date such Fair Market Value is determined, and (C) with respect to a Listed Security, the Market Price of such Listed Security. All calculations of Fair Market Value, whether determined on an aggregate or a per share basis, shall, if not otherwise specified by the Board of Directors, be rounded to the nearer cent, with one-half cent rounded upward.

(xi) "Five Day Ratio" shall mean, on any date, the amount determined by dividing (A) the Market Price of one CanadianOxy Common Share on such date by (B) the Market Price of one share of Occidental Common Stock on such date. For purposes of computing the Five Day Ratio, the term "Trading Day", as used in the definition of "Market Price", shall mean a day that is a Trading Day with respect to both the CanadianOxy Common Shares and the Occidental Common Stock.

(xii) "Listed Common Stock" shall mean common stock or common shares of a United States or Canadian corporation, as the case may be, that is listed, quoted or admitted to trading on any United States or Canadian national securities exchange, national quotation system or over-the-counter market.

(xiii) "Listed Security" shall mean a security that is listed, quoted or admitted to trading on any United States or Canadian national securities exchange, national quotation system or over-the-counter market.

(xiv) "Market Price" shall mean, with respect to any security on any date (the "Specified Date"), the average of the daily Closing Prices with respect to the security for the five consecutive Trading Days for such security ending on the second Trading Day that immediately precedes the Specified Date; provided, however, that if an event occurs that would require an adjustment of the Share Factor pursuant to Section 6(c)(i), Section 6(c)(ii), Section 6(c)(iii) or Section 6(e)(i) if all references therein to "CanadianOxy Common Shares" were deemed to be references to such security and all references therein to "CanadianOxy" were deemed to be references to the issuer of such security, and the Ex-Date in connection with such event occurs on or prior to the Specified Date, then (A) if such adjustment would not have been effective as of the Specified Date, then, for each such event, the Closing Price for each such Trading Day on and after such Ex-Date shall be adjusted by multiplying such Closing Price by the Share Factor that would be in effect on the Specified Date if the Share Factor had been so adjusted (assuming that the Share Factor in effect without such adjustment is equal to one) and (B) if such

adjustment would have been effective as of the Specified Date, then, for each such event, the Closing Price for each such Trading Day prior to such Ex-Date shall be adjusted by multiplying such Closing Price by the Share Factor that would be in effect on the Specified Date if the Share Factor had not been so adjusted (assuming that the Share Factor in effect with such adjustment is equal to one); provided, further, that if an event occurs that would require an adjustment of the Conversion Ratio pursuant to Section 6(c)(iv) if all references therein to "CanadianOxy Common Shares" were deemed to be references to such security and all references therein to "CanadianOxy" were deemed to be references to the issuer of such security, and the Ex-Date in connection with such event occurs on or prior to the Specified Date, then (A) if such adjustment would not have been effective as of the Specified Date, then, for each such event, the Closing Price for each such Trading Day on and after such Ex-Date shall be adjusted by adding to such Closing Price the Fair Market Value on the Determination Date of the portion of the Assets to be so distributed applicable to one share of such security and (B) if such adjustment would have been effective as of the Specified Date, then, for each such event, the Closing Price for each such Trading Day prior to such Ex-Date shall be adjusted by subtracting from such Closing Price the Fair Market Value on the Determination Date of the portion of the Assets to be so distributed applicable to one share of such security; provided, further, that, from and after the second Trading Day for such security that immediately succeeds the last Trading Day for such security on which such security was a Listed Security, the Market Price shall be determined by reference to the five consecutive Trading Days for such security ending on the last Trading Day for such security on which the security was a Listed Security. If two or more events occur that, pursuant to clause (A) of either of the first two provisos to this definition, require adjustments to be made to any Closing Price on one of the five consecutive Trading Days with respect to which Market Price is being calculated, and the Ex-Dates in connection with such events occur on or prior to the Trading Day for such Closing Price, the adjustments for such events shall be made in the reverse of the order in which the Ex-Dates in connection with such events occurred. If two or more events occur that, pursuant to clause (B) of either of the first two provisos to this definition, require adjustments to be made to any Closing Price on one of the five consecutive Trading Days with respect to which Market Price is being calculated, and the Ex-Dates in connection with such events occur after the Trading Day for such Closing Price, the adjustments for such events shall be made in the order in which the Ex-Dates in connection with such events occurred. If one or more events occur that, pursuant to clause (A) of either of the first two provisos to this definition, require adjustments to be made to any Closing Price on one of the five consecutive Trading Days with respect to which Market Price is being calculated, and one or more events occur that, pursuant to clause (B) of either of such provisos, require adjustments to be made to such Closing Price, the adjustments for such events shall be made in the order in which the Ex-Dates in connection with such events occurred.

(xv) "Price Ratio" shall mean (A) as of any date during a Redemption Period, either (x) the Five Day Ratio as of the first day of such Redemption Period or (y) if the Day Prior Ratio as of the first day of such Redemption Period is greater than the product of 1.05 times such Five Day Ratio, such Day Prior Ratio; and (B) as of any date outside of a Redemption Period, either (x) the Five Day Ratio as of such day or (y) if the Day Prior Ratio as of such day is less than the product of 0.95 times such Five Day Ratio, such Day Prior Ratio.

(xvi) "Redemption Period" shall mean the period of time from and including (A) the date on which the Corporation gives a Redemption Notice to the holders of record of shares of Convertible Preferred Stock, to and including (B) the date fixed for redemption in the Redemption Notice.

(xvii) "Regular Cash Dividend" shall mean, with respect to any security, any cash dividend or cash distribution with respect to such security other than an Extraordinary Cash Dividend.

(xviii) "Share Factor" shall mean 1.766 until such Share Factor is adjusted in accordance with the provisions of Section 6 and thereafter shall mean the Share Factor in effect from time to time as so adjusted.

(xix) "Trading Day" shall mean, with respect to any security, (A) if the principal trading market for the applicable security is in the United States and such security is listed or admitted for trading on the

NYSE or another United States national securities exchange, a day on which the NYSE or such other United States national securities exchange is open for business, (B) if the principal trading market for the applicable security is in Canada and such security is listed or admitted for trading on the TSE or another Canadian national securities exchange, a day on which the TSE or such other Canadian national securities exchange is open for business, (C) if the principal trading market for the applicable security is in the United States and such security is quoted on the Nasdaq National Market ("NNM"), a day on which a trade may be made on the NNM or (D) if the applicable security is not listed, admitted for trading or quoted as provided in the foregoing clauses (A), (B) and (C), any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York, in the case of a United States issuer, or in the Province of Ontario, Canada, in the case of a Canadian issuer, are authorized or obligated by law or executive order to close.

(i) Dividend or Interest Reinvestment Plans; Other. Notwithstanding the foregoing provisions, (i) the issuance of any CanadianOxy Common Shares pursuant to any plan providing for the reinvestment of dividends or interest payable on securities of CanadianOxy and the investment of additional optional amounts in CanadianOxy Common Shares under any such plan, (ii) the issuance of any CanadianOxy Common Shares or options or rights to purchase such shares pursuant to any employee benefit plan or similar program of CanadianOxy, and (iii) the issuance of any CanadianOxy Common Shares upon exercise of any other option, warrant or right or any exercisable, exchangeable or convertible security of CanadianOxy (it being understood that the provisions of this clause (iii) shall not prevent an adjustment to the Share Factor otherwise required hereunder, if any, upon the issuance, or upon the fixing of a Determination Date relating to the issuance, of such other option, warrant or right or such exercisable, exchangeable or convertible security), shall not be deemed to constitute an issuance of CanadianOxy Common Shares or, in the case of options or rights referred to in clause (ii) above, any options or rights to which any of the adjustment provisions described above apply, nor shall there be any adjustment of the Share Factor in the case of an issuance of any stock (or securities convertible into or exchangeable for stock) of CanadianOxy except as specifically described in this Section 6. Except as expressly set forth above, if any action would require adjustment of the Share Factor pursuant to more than one of the provisions described above in this Section 6(i), only one adjustment shall be made and such adjustment shall be the amount of adjustment which has the highest value to the holders of the Convertible Preferred Stock (as determined by the Board of Directors, whose determination shall be conclusive).

(j) Rights. So long as Rights are attached to the outstanding shares of Occidental Common Stock, each share of Occidental Common Stock issued upon conversion of the shares of Convertible Preferred Stock prior to the earliest of any Distribution Date (as defined below), the date of redemption of the Rights or the date of expiration of the Rights shall be issued with Rights in a number equal to the number of Rights then attached to each outstanding share of Occidental Common Stock. As used herein, the term "Distribution Date" shall have the meaning given thereto in the Rights Agreement or, if such term is not defined therein, shall mean the first date upon which Rights become exercisable or tradeable separately from the Occidental Common Stock. References to Occidental Common Stock in this Certificate do not include the Rights attached thereto.

(k) Exclusion of Treasury Shares. Unless otherwise specified, for purposes of this Section 6, the number of CanadianOxy Common Shares at any time outstanding shall not include any CanadianOxy Common Shares then owned or held by or for the account of CanadianOxy or any of its majority-owned subsidiaries.

(l) Par Value of Occidental Common Stock. If, as of the close of business on any day, the quotient obtained by dividing (i) \$50 by (ii) the Conversion Ratio is less than the par value per share of the Occidental Common Stock, the Share Factor in effect as of the opening of business on the next day shall be adjusted to equal the quotient obtained by dividing (A) \$50 by (B) the product of (x) the Price Ratio in effect as of such date and (y) the par value per share of the Occidental Common Stock. The Corporation hereby covenants not to take any action to increase the par value per share of the Occidental Common Stock. The Corporation shall not be obligated to issue any shares of Occidental Common Stock upon conversion of shares of Convertible Preferred Stock if, and only to the extent that, the aggregate par value of the shares of Occidental Common

Stock deliverable upon such conversion would exceed the aggregate par value of the shares of Convertible Preferred Stock being converted by an amount greater than the Corporation's surplus.

(m) Other Events. Upon the occurrence of any event not specifically provided for in this Certificate of Designations that affects the CanadianOxy Common Shares or the Occidental Common Stock and that the Corporation's Board of Directors determines in good faith would result in a violation of the general principle that each share of Convertible Preferred Stock shall be convertible into a number of shares of Occidental Common Stock (or other assets) having a market value equal to the market price of one CanadianOxy Common Share multiplied by the Share Factor, or upon the good faith determination by the Corporation's Board of Directors that such event may occur, the Corporation's Board of Directors shall be entitled, but will not be required, to make such adjustment to the terms of conversion, or other provision, as it determines in its sole discretion to be necessary or desirable in order to implement such general principle.

7. Voting Rights.

(a) General. The holders of Convertible Preferred Stock will not have any voting rights except as set forth below or as otherwise from time to time required by applicable law. In connection with any right to vote, each holder of Convertible Preferred Stock will have one vote for each such share held. Any shares of Convertible Preferred Stock held by the Corporation or any subsidiary of the Corporation shall not have voting rights hereunder and shall not be counted in determining the presence of a quorum or in calculating any percentage of shares under this Section 7.

(b) Default Voting Rights. Whenever dividends on the Convertible Preferred Stock shall be in arrears in an aggregate amount equal to at least six full quarterly dividends (whether or not consecutive), (i) the number of members of the Board of Directors shall be increased by two, effective as of the time of election of such directors and (ii) the holders of the Convertible Preferred Stock (voting separately as a class with all other affected classes or series of preferred stock upon which like voting rights have been conferred and are exercisable) will have the exclusive right to vote for and elect such two additional directors of the Corporation. The right of the holders of the Convertible Preferred Stock to vote for such two additional directors shall terminate when all accumulated and unpaid dividends on the Convertible Preferred Stock have been paid or declared and set apart for payment. The term of office of all directors so elected shall terminate immediately upon the termination of the rights of the holders of the Convertible Preferred Stock and such other preferred stock to vote for such two additional directors. Each such director so elected shall serve until the next annual meeting and until his successor is elected, unless his term of office is terminated earlier as provided in the preceding sentence.

The foregoing right of the holders of the Convertible Preferred Stock with respect to the election of two directors shall be exercisable at the next annual meeting of stockholders following the default or at any special meeting of stockholders held for such purpose. If the right to elect directors shall have accrued to the holders of the Convertible Preferred Stock more than ninety days preceding the date established (or, if not yet established, reasonably expected by the Corporation to be established) for the next annual meeting of stockholders, the Chairman of the Board of the Corporation or other authorized officer of the Corporation, if any, shall, within twenty days after the delivery to the Corporation at its principal office of a written request for a special meeting signed by the holders of at least 10% of all outstanding shares of the Convertible Preferred Stock, call a special meeting of the holders of the Convertible Preferred Stock and any other holders of preferred stock entitled to vote thereon to be held within sixty days after the delivery of such request for the purpose of electing such additional directors.

The holders of the Convertible Preferred Stock and such other preferred stock referred to above voting as a class shall have the exclusive right to remove without cause at any time and replace any directors such holders shall have elected pursuant to this Section 7.

(c) Class Voting Rights. So long as the Convertible Preferred Stock is outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of at least 66 2/3% (or such higher percentage, if any, as may then be required by applicable law) of all outstanding shares of the Convertible Preferred Stock, voting separately as a class, (i) amend, alter or repeal any provision of the Certificate of Incorporation, as the

same may be amended from time to time, so as to affect adversely the relative rights, preferences, qualifications, limitations or restrictions of the Convertible Preferred Stock or (ii) create, authorize or issue, or reclassify any authorized stock of the Corporation into, or increase the authorized amount of, any class or series of stock of the Corporation ranking senior to the Convertible Preferred Stock as to dividends or upon Liquidation. A class vote on the part of the Convertible Preferred Stock shall not be required (except as otherwise required by law or resolution of the Board of Directors) in connection with any other matter, including, without limitation, the authorization, issuance or increase in the authorized amount of any shares of any class or series of stock of the Corporation that either (A) ranks junior to, or on a parity with, the Convertible Preferred Stock as to dividends and upon Liquidation or (B) is, at the time of such increase, undesignated as to ranking with respect to dividends and upon Liquidation.

8. Ranking. Any class or series of stock of the Corporation shall be deemed to rank:

(i) prior to the Convertible Preferred Stock, as to dividends or upon Liquidation, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon Liquidation, as the case may be, in preference or priority to the holders of Convertible Preferred Stock;

(ii) on a parity with the Convertible Preferred Stock, as to dividends or upon Liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof are different from those of the Convertible Preferred Stock, if the holders of such class or series of stock and the Convertible Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon Liquidation, as the case may be, in proportion to their respective amounts of accumulated and unpaid dividends per share or liquidation prices, as the case may be, without preferences or priority one over the other. For purposes of this Certificate, the shares of Convertible Preferred Stock shall rank on a parity with the shares of the Corporation's \$3.875 Cumulative Convertible Preferred Stock as to dividends and upon liquidation; or

(iii) junior to the Convertible Preferred Stock, as to dividends or upon Liquidation, if such stock shall be Common Stock or any other class or series of capital stock of the Corporation if the holders of Convertible Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon Liquidation, as the case may be, in preference or priority to the holders of shares of such stock. For purposes of this Certificate, the Series A Junior Participating Preferred Stock of the Corporation shall constitute Junior Preferred Stock.

9. Outstanding Shares. For purposes of this Certificate, all shares of Convertible Preferred Stock issued by the Corporation shall be deemed outstanding except (i) as provided in Section 5(d), (ii) from the Conversion Date with respect to such shares, all shares of Convertible Preferred Stock converted into Occidental Common Stock or other securities or assets as provided herein, and (iii) from the date of registration of transfer, all shares of Convertible Preferred Stock held of record by the Corporation or any direct or indirect majority-owned subsidiary of the Corporation.

10. Rounding. Unless otherwise specified in this Certificate of Designations, in any instance in which this Certificate of Designations requires that a mathematical calculation be performed, or makes reference to a fraction, the result obtained after performing such calculation, and any such fraction, shall be expressed as a decimal and rounded to the nearer 1/1000th, with .5/1000 rounded upward to 1/1000.

11. Status of Acquired Shares. Shares of Convertible Preferred Stock redeemed by the Corporation, received upon conversion pursuant to Section 6 or otherwise acquired by the Corporation will be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to class, and may thereafter be issued, but not as shares of Convertible Preferred Stock.

12. Preemptive Rights. The Convertible Preferred Stock is not entitled to any preemptive or subscription rights in respect of any securities of the Corporation.

13. Severability of Provisions. Whenever possible, each provision hereof shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision hereof is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions hereof.

IN WITNESS WHEREOF, Occidental Petroleum Corporation has caused this Certificate to be made under the seal of the Corporation and signed by Fred J. Gruberth, its Vice President and Treasurer, and attested by Matthew T. Gay, its Assistant Secretary, on the 31st day of January, 1994.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ FRED J. GRUBERTH

Name: Fred J. Gruberth
Title: Vice President and Treasurer

Attest:

By: /s/ MATTHEW T. GAY

Name: Matthew T. Gay
Title: Assistant Secretary

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
OCCIDENTAL PETROLEUM CORPORATION

Occidental Petroleum Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"),

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of the Corporation on February 10, 1994, at which a quorum was present and acted throughout, resolutions were duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of the Corporation to increase the authorized capital stock (the "Amendment"), declaring the Amendment to be advisable, and directing that the Amendment be considered at the next annual meeting of the stockholders of the Corporation.

SECOND: That thereafter on April 29, 1994, the 1994 annual meeting of the Corporation was duly held in accordance with the by-laws of the Corporation and the General Corporation Law of the State of Delaware, at which meeting the necessary number of shares of stock as required by statute were voted in favor of the following resolution adopting the Amendment:

RESOLVED, that Article IV of the Restated Certificate of Incorporation, as amended, of the Corporation be amended so that in its entirety, said Article IV shall read as set forth below:

ARTICLE IV

The Corporation is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The amount of total authorized capital stock of the

Corporation is 550,000,000 shares, divided into 500,000,000 shares of Common Stock, par value \$.20 per share, and 50,000,000 shares of Preferred Stock, par value \$1.00 per share.

The Preferred Stock may be issued in one or more series. The Board of Directors is hereby authorized to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any series and the designation, relative powers, preferences and rights and qualifications, limitations or restrictions of all shares of such series. The authority of the Board of Directors with respect to each series shall include, without limiting the generality of the foregoing, the determination of any or all of the following:

- (a) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;
- (b) the voting powers, if any, and whether such voting powers are full or limited, in any such series;
- (c) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;
- (d) whether dividends, if any, shall be cumulative or noncumulative, the dividend rate, or method of determining the dividend rate, of such series, and the dates and preferences of dividends on such series;
- (e) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Corporation;
- (f) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Corporation or any other corporation, and the price or prices or the rates of exchange applicable thereto;
- (g) the right, if any, to subscribe for or to purchase any securities of the Corporation or any other corporation;

(h) the provisions, if any, of a sinking fund applicable to such series; and

(i) any other relative, participating, optional or other special powers, preferences, rights, qualifications, limitations or restrictions thereof;

all as shall be determined from time to time by the Board of Directors and shall be stated in a resolution or resolutions providing for the issuance of such Preferred Stock (a "Preferred Stock Designation").

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, with all such holders voting as a single class.

Each holder of Common Stock of the Corporation entitled to vote shall have one vote for each share thereof held.

Except as may be provided by the Board of Directors in a Preferred Stock Designation or by law, the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, and holders of Preferred Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote or consent.

The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

THIRD: That the Amendment amends Article IV of the Restated Certificate of Incorporation only and does not amend any other article of the Restated Certificate or any Certificate of Designation heretofore filed with the Secretary of State.

FOURTH: That the Amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Restated Certificate of Incorporation to be signed by Dr. Ray R. Irani, its Chairman of the Board, President and Chief Executive Officer, and attested by Donald P. de Brier, its Secretary, this 29th day of April, 1994.

By Ray R. Irani

Dr. Ray R. Irani
Chairman of the Board,
President and Chief
Executive Officer

Attest:

Donald P. de Brier

Donald P. de Brier
Secretary

CERTIFICATE OF INCREASE IN THE NUMBER OF SHARES OF SERIES A JUNIOR PARTICIPATING PREFERRED STOCK AUTHORIZED PURSUANT TO THE PROVISIONS OF THE CERTIFICATE OF DESIGNATION OF THE VOTING POWERS, DESIGNATION, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS OF THE SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

PURSUANT TO SECTION 151 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

Occidental Petroleum Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

FIRST: The Restated Certificate of Incorporation of the Corporation authorizes the issuance of 50,000,000 shares of Preferred Stock, par value \$1 per share (the "Preferred Stock"), of the Corporation and, further, authorizes the Board of Directors of the Corporation, by resolution or resolutions, from time to time, to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any series and the designation, relative powers, preferences and rights and qualifications, limitations or restrictions of all shares of such series.

SECOND: On November 7, 1986, the Corporation filed with the Secretary of State of the State of Delaware a Certificate of Designation of the Voting Powers, Designation, Preferences and Relative, Participating, Optional or Other Special Rights and Qualifications, Limitations and Restrictions of the Series A Junior Participating Preferred Stock, dated November 6, 1986 (the "Certificate of Designation"), which Certificate of Designation sets forth, among other things, a certain resolution which (i) provides for the voting powers, designation, preferences and relative, participating, optional or other special rights and qualifications, limitations and restrictions of the Series A Junior Participating Preferred Stock of the Corporation, and (ii) fixes the number of shares of the Preferred Stock to be included in the Series A Junior Participating Preferred Stock at 2,000,000.

THIRD: On March 5, 1987, the Corporation filed with the Secretary of State of the State of Delaware, a Certificate of Increase in the Number of Shares of Series A Junior Participating Preferred Stock Authorized Pursuant to the Provisions of the Certificate of Designation of the Voting Powers, Designation, Preferences and Relative, Participating, Optional or Other Special Rights and Qualifications, Limitations and Restrictions of the Series A Junior Participating Preferred Stock, dated March 5, 1987, which Certificate of Increase fixes the number of shares of the Preferred Stock to be included in the Series A Junior Participating Preferred Stock at 4,000,000.

FOURTH: No shares of the Series A Junior Participating Preferred Stock of the Corporation established by the Certificate of Designation have been issued.

FIFTH: The Board of Directors of the Corporation at a meeting duly called and held on the 29th day of April, 1994, at which meeting a quorum of the directors was present and acting throughout, did duly adopt a resolution authorizing an increase of 1,000,000 shares in the number of shares of the Preferred Stock to be included in the Series A Junior Participating Preferred Stock of the Corporation, which resolution remains in full force and effect on the date hereof.

SIXTH: After giving effect to the increase referred to in paragraph FIFTH above, the total number of shares of the Preferred Stock to be included in the Series A Junior Participating Preferred Stock of the Corporation is 5,000,000.

IN WITNESS WHEREOF, Occidental Petroleum Corporation has caused this Certificate of Increase to be signed by Dr. Ray R. Irani, its Chairman of the Board, President and Chief Executive Officer, and attested by Donald P. de Brier, its Secretary, this 29th day of April, 1994.

By /s/ R. R. Irani

Dr. Ray R. Irani
Chairman of the Board, President
and Chief Executive Officer

Attest:

Donald P. de Brier

Donald P. de Brier
Secretary

INCREAS.DOC

CERTIFICATE OF CHANGE OF LOCATION OF REGISTERED OFFICE
AND OF REGISTERED AGENT

It is hereby certified that:

1. The name of the corporation (hereinafter called the "corporation") is
OCCIDENTAL PETROLEUM CORPORATION
2. The registered office of the corporation within the State of Delaware is
hereby changed to 32 Lookerman Square, Suite L-100, City of Dover,
County of Kent.
3. The registered agent of the corporation within the State of Delaware is
hereby changed to The Prentice-Hall Corporation System, Inc., the business
office of which is identical with the registered office of the corporation as
hereby changed.
4. The corporation has authorized the changes hereinbefore set forth by
resolution of its Board of Directors.

Signed on 5/11 , 1994

/s/ F.J. Gruberth

F.J. GRUBERTH VICE-President

Attest:

/s/ S.P. Parise

STEPHEN P. PARISE ASST Secretary

DE dcertificate of change 4/91

CERTIFICATE OF DESIGNATIONS
OF THE
\$3.875 CUMULATIVE CONVERTIBLE VOTING PREFERRED STOCK
(PAR VALUE \$1.00 PER SHARE)

OF
OCCIDENTAL PETROLEUM CORPORATION

PURSUANT TO SECTION 151 OF THE
GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

The undersigned DOES HEREBY CERTIFY that the following resolution was duly adopted by the Board of Directors of Occidental Petroleum Corporation, a Delaware corporation (the "Corporation"), with certain of the preferences and rights relating to dividends, redemption, dissolution, any distribution of assets of the Corporation and conversion into shares of Common Stock (as hereinafter defined), and with the number of shares of the series, having been fixed by the Board of Directors or the Pricing Committee of the Board of Directors pursuant to authority delegated to the Pricing Committee by the Board of Directors:

RESOLVED, that pursuant to the authority expressly granted by the Restated Certificate of Incorporation of the Corporation, as amended (the "Certificate of Incorporation"), the Board of Directors hereby authorizes the creation of a series of \$3.875 Cumulative Convertible Voting Preferred Stock, par value \$1.00 per share, of the Corporation upon the terms and conditions set forth herein and hereby fixes the designation and number of shares thereof and fixes the powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof (in addition to those set forth in the Certificate of Incorporation that may be applicable to the \$3.875 Cumulative Convertible Voting Preferred Stock) as follows:

1. Designation and Amount; Fractional Shares; Par Value. There shall be a series of Preferred Stock of the Corporation designated as "\$3.875 Cumulative Convertible Voting Preferred Stock" and the number of shares constituting such series shall be 4,000,000. Such series is referred to herein as the "Convertible Preferred Stock." The Convertible Preferred Stock is issuable solely in whole shares that shall entitle the holder thereof to exercise the voting rights, to participate in the distributions and to have the benefit of all other rights of holders of Convertible Preferred Stock as set forth herein and in the Certificate of Incorporation. The par value of each share of Convertible Preferred Stock shall be \$1.00.

2. Definitions. As used herein, (i) "Legal Holiday" shall mean any day on which banking institutions are authorized or obligated by law or executive order to close in New York, New York or in Los Angeles, California, (ii) "Initial Dividend Period" shall mean the period from and including the Date of Original Issue to and excluding April 1, 1995, (iii) "Subsequent Dividend Period" shall mean the applicable period from and including January 1 to and excluding the next April 1, from and including April 1 to and excluding the next July 1, from and including July 1 to and excluding the next October 1 or from and including October 1 to and excluding the next January 1, or, in each such case as to particular shares of the Convertible Preferred Stock, such shorter period during which such shares of the Convertible Preferred Stock are outstanding (including the first day but excluding the last day of such shorter period), but shall not include the Initial Dividend Period, (iv) "Dividend Period" shall mean the Initial Dividend Period or any Subsequent Dividend Period, as the context requires, (v) "Board of Directors" shall mean the Board of Directors of the Corporation, or (other than for purposes of Section 7 hereof), to the extent permitted by applicable law, a duly authorized committee

thereof and (vi) "NYSE" shall mean the New York Stock Exchange; and the following terms shall have the respective meanings given thereto in the Sections indicated below:

DEFINED TERM -----	DEFINED IN SECTION -----
"Applicable Price".....	6(i)
"Assets".....	6(c)
"Closing Price".....	6(i)
"Common Stock".....	3(c)
"Common Stock Fundamental Change".....	6(i)
"Conversion Price".....	6(a)
"Convertible Preferred Stock".....	1
"Current Market Price".....	6(i)
"Date of Original Issue".....	3(a)
"Determination Date".....	6(i)
"Distribution Date".....	6(k)
"Dividend Payment Date".....	3(a)
"Ex-Date".....	6(i)
"Ex-Dividend Period".....	3(a)
"Extraordinary Cash Dividend".....	6(i)
"Fundamental Change".....	6(i)
"Junior Preferred Stock".....	3(c)
"Liquidation".....	3(b)
"NASDAQ NMS".....	6(i)
"Non-Stock Fundamental Change".....	6(i)
"Other Event".....	6(i)
"Purchaser Stock Price".....	6(i)
"Record Date".....	3(a)
"Redemption Price".....	5(a)
"Reference Market Price".....	6(i)
"Regular Cash Dividend".....	6(i)
"Rights".....	3(c)
"Rights Agreement".....	3(c)
"Specified Date".....	6(i)
"Specified Dividend".....	6(i)
"Specified Event".....	6(i)
"Trading Day".....	6(i)

3. Dividends. (a) Holders of Convertible Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the assets of the Corporation at the time legally available therefor, (i), in the event that the date shares of Convertible Preferred Stock are first issued (the "Date of Original Issue") occurs after December 29, 1994, a cash dividend at an annual rate of \$3.875 per share, and no more (except as provided in clause (ii) of this sentence), which shall be fully cumulative, shall accumulate without interest from December 29, 1994 to the Date of Original Issue and shall be payable in cash on April 1, 1995 (combined with the dividend payable on such date pursuant to clause (ii) of this sentence) and (ii) cash dividends at an annual rate of \$3.875 per share, and no more (except as provided in clause (i) of this sentence with respect to the Initial Dividend Period), which shall be fully cumulative, shall accumulate without interest from the Date of Original Issue, and shall be payable, in cash, quarterly in arrears on January 1, April 1, July 1 and October 1 of each year (each, a "Dividend Payment Date"), commencing April 1, 1995 (except that, if any such date is a Saturday, Sunday or Legal Holiday, then such dividend shall be payable on the next day that is not a Saturday, Sunday or Legal Holiday), in the case of clause (i) and clause (ii), to holders of record

as they appear upon the stock transfer books of the Corporation at the close of business on such record dates, not more than sixty days nor less than ten days preceding the related Dividend Payment Dates, as are fixed by the Board of Directors (each, a "Record Date"). Subject to Section 3(c), dividends on account of arrearages for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date. Holders at the close of business on a Record Date of shares of Convertible Preferred Stock that are called for redemption on a redemption date during the period (the "Ex-Dividend Period") between such Record Date and the corresponding Dividend Payment Date shall not, in their capacity as such, be entitled to receive the dividend payment on such Dividend Payment Date.

(b) The dividend payable as set forth in Section 3(a) on each share of the Convertible Preferred Stock for each full quarterly Dividend Period during which such share was outstanding shall be \$.96875. For the Initial Dividend Period, and for any Subsequent Dividend Period during which such share was not outstanding for a full quarterly Dividend Period, the dividend payable on each such share of the Convertible Preferred Stock shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The aggregate dividend paid to a holder of Convertible Preferred Stock shall be based on the aggregate number of shares of Convertible Preferred Stock held by such holder at the close of business on the applicable record date and rounded to the nearest whole cent (with one-half cent rounded upward). Unless otherwise provided herein, dividends on each share of Convertible Preferred Stock will be cumulative from and including the Date of Original Issue to and excluding the earliest to occur of (i) the date of redemption of such share, (ii) the date of conversion of such share and (iii) the date of final distribution of assets upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (any such event referred to in this clause (iii), a "Liquidation"). Holders of shares of the Convertible Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends, or to any interest, or sum of money in lieu of interest, in respect of any dividend payment or payments on shares of the Convertible Preferred Stock that may be in arrears. Any dividend payment made on shares of the Convertible Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend with respect to shares of the Convertible Preferred Stock.

(c) No dividends or other distributions (other than a dividend or distribution in Common Stock, par value \$.20 per share ("Common Stock"), of the Corporation or any other stock of the Corporation ranking junior to the Convertible Preferred Stock as to dividends and upon Liquidation ("Junior Preferred Stock")) shall be declared, made or paid or set apart for payment or distribution upon the Common Stock or upon any other stock of the Corporation ranking junior to or on a parity with the Convertible Preferred Stock as to dividends, nor may any Common Stock or any other stock of the Corporation ranking junior to or on a parity with the Convertible Preferred Stock as to dividends or upon Liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of such stock) by the Corporation (except by conversion into or in exchange for Common Stock or Junior Preferred Stock), unless full cumulative dividends on all outstanding shares of the Convertible Preferred Stock have been, or contemporaneously are, declared and paid, or declared and a sum sufficient for the payment thereof is set apart for the payment thereof, for all Dividend Periods ending on or prior to the date of such declaration, payment, distribution, setting apart, making monies available, redemption, purchase or acquisition. Notwithstanding the foregoing, (i) nothing in this Certificate shall prevent the Corporation from making contributions to, or purchasing capital stock in connection with, its employee benefit or dividend reinvestment plans, or from redeeming rights outstanding under the Rights Agreement, dated as of October 17, 1986, between the Corporation and the Rights Agent named therein, as such agreement may be supplemented, amended or replaced from time to time (the "Rights Agreement"), or any similar rights (the rights under the Rights Agreement and such similar rights, collectively, "Rights") and (ii) if at any time full cumulative dividends have not been declared and paid on the Convertible Preferred Stock and on any of the Corporation's preferred stock ranking on a parity as to dividends with the Convertible Preferred Stock, partial dividends may be declared and paid on the Convertible Preferred Stock and such other preferred stock so long as such dividends are declared and paid pro rata so that the amounts of dividends declared and paid per share on the Convertible Preferred Stock and such other preferred stock will in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of the Convertible Preferred Stock and such other preferred stock bear to each other.

(d) Any reference to "distribution" contained in this Section 3 shall not include any distribution made in connection with any Liquidation.

4. Liquidation Preference. In the event of any Liquidation, each holder of a share of Convertible Preferred Stock shall be entitled to receive, and be paid out of the assets of the Corporation available for distribution to its stockholders, a liquidation preference in the amount of \$50.00 per share, plus all accumulated and unpaid dividends on such share to the date of final distribution to the holders of shares of Convertible Preferred Stock, whether or not declared, without interest, and no more, before any payment shall be made or any assets distributed to the holders of Common Stock or any other class or series of the Corporation's stock ranking junior to the Convertible Preferred Stock upon such Liquidation. If, upon any Liquidation the amounts payable with respect to the liquidation preference of the Convertible Preferred Stock and any other shares of the Corporation's stock ranking on a parity with the Convertible Preferred Stock upon such Liquidation are not paid in full, the holders of Convertible Preferred Stock and of such other shares will share pro rata in the amounts payable and other property distributable with respect to such Liquidation so that the per share amounts to which holders of Convertible Preferred Stock and such other shares are entitled will in all cases bear to each other the same ratio that the liquidation preferences of the Convertible Preferred Stock and such other stock bear to each other. After payment in full of the preferences in respect of the shares of the Convertible Preferred Stock upon Liquidation, the holders of such shares in their capacity as such shall not be entitled to any further right or claim to any remaining assets of the Corporation. Neither a consolidation or merger of the Corporation with or into another corporation, nor a merger of any other corporation with or into the Corporation, nor the sale of all or substantially all of the Corporation's property or business (other than in connection with a winding up of its business) will be considered a Liquidation for purposes of this Certificate.

5. Redemption at Option of the Corporation. (a) The Convertible Preferred Stock may not be redeemed by the Corporation prior to February 18, 1998. On or after February 18, 1998, the Convertible Preferred Stock may be redeemed by the Corporation, at its option on any date set by the Board of Directors, in whole or from time to time in part, out of funds legally available therefor, at any time or from time to time, at the following redemption prices per share, if redeemed during the 12-month period beginning February 18, of the year indicated:

YEAR	REDEMPTION PRICE PER SHARE
1998	\$51.9375
1999	51.5500
2000	51.1625
2001	50.7750
2002	50.3875
2003 and thereafter	50.0000

plus, in each case, an amount in cash equal to all accumulated and unpaid dividends thereon, if any, whether or not declared, to but excluding the date fixed for redemption, such sum being hereinafter referred to as the "Redemption Price." The aggregate Redemption Price paid to a holder of Convertible Preferred Stock shall be the product of the aggregate number of shares of Convertible Preferred Stock redeemed from such holder and the per share Redemption Price, with such product being rounded to the nearest cent, with one-half cent rounded upward.

(b) In case of the redemption of less than all of the then outstanding shares of Convertible Preferred Stock, the Corporation shall designate the shares to be redeemed by lot, pro rata or in such other manner as the Board of Directors may determine. The Corporation shall not redeem less than all of the Convertible Preferred Stock at any time outstanding unless all dividends accumulated and in arrears upon all shares of Convertible Preferred Stock shall have been paid for all Dividend Periods ending on or prior to the redemption date.

(c) Not more than sixty nor less than thirty days prior to the redemption date fixed by the Board of Directors, notice by first class mail, postage prepaid, shall be given to the holders of record of shares of the Convertible Preferred Stock to be redeemed, addressed to such holders at their last addresses as shown upon the stock transfer books of the Corporation. Each such notice of redemption shall specify (i) the date fixed for redemption, (ii) the number of shares of Convertible Preferred Stock to be redeemed, and if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the Redemption Price, (iv) the place or places of payment, (v) that payment will be made upon presentation and surrender of the certificates representing shares of Convertible Preferred Stock, (vi) that on and after the date fixed for redemption dividends will cease to accumulate on such shares (unless the Corporation defaults in the payment of the Redemption Price), (vii) the then-effective Conversion Price and (viii) that the right of holders to convert shares of Convertible Preferred Stock shall terminate at the close of business on the date fixed for redemption (unless the Corporation defaults in the payment of the Redemption Price).

(d) Any notice that is mailed as herein provided shall be conclusively presumed to have been duly given, whether or not the holder of shares of Convertible Preferred Stock receives such notice; and failure to give such notice by mail, or any defect in such notice to the holders of any shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Convertible Preferred Stock. On or after the date fixed for redemption as stated in such notice, each holder of the shares called for redemption shall surrender the certificate evidencing such shares to the Corporation at a place designated in such notice and shall thereupon be entitled to receive payment of the Redemption Price for each such share. If less than all the shares of Convertible Preferred Stock evidenced by any such surrendered certificate are redeemed, a new certificate shall be issued evidencing the unredeemed shares of Convertible Preferred Stock. Notice having been given as aforesaid, if, on the date fixed for redemption, funds necessary for the redemption shall be legally available therefor and shall have been irrevocably deposited or set aside, then, notwithstanding that the certificates evidencing any shares of Convertible Preferred Stock so called for redemption shall not have been surrendered, (i) dividends with respect to the shares so called for redemption shall cease to accumulate on the date fixed for redemption, (ii) such shares shall no longer be deemed outstanding, (iii) the holders thereof shall cease to be stockholders of the Corporation to the extent of their interest in such shares and (iv) all rights whatsoever with respect to the shares so called for redemption (except the right of the holders to receive the Redemption Price for each share, without interest or any sum of money in lieu of interest thereon, upon surrender of their certificates therefor at a place designated in such notice) shall terminate. If funds legally available for such purpose are not sufficient for redemption of all of the shares of Convertible Preferred Stock that were to be redeemed, then such funds shall be applied pro rata to the redemption of all of the shares of Convertible Preferred Stock to be redeemed. If less than all of the shares of Convertible Preferred Stock evidenced by any certificate are so redeemed, a new certificate shall be issued evidencing the unredeemed portion of such shares, such unredeemed shares shall remain outstanding and the rights of holders of shares of Convertible Preferred Stock thereafter shall continue to be only those of a holder of shares of the Convertible Preferred Stock.

(e) The shares of Convertible Preferred Stock shall not be subject to the operation of any mandatory redemption, purchase, retirement or sinking fund.

(f) Holders of Convertible Preferred Stock shall have no right to require redemption of the Convertible Preferred Stock.

6. Conversion Privileges.

(a) Rights of Conversion. Each holder of shares of Convertible Preferred Stock shall have the right, at such holder's option, to convert all or a portion of the shares held, at any time or from time to time prior to the close of business on the date fixed for redemption of such shares as herein provided (unless the Corporation shall fail irrevocably to deposit or set aside the funds sufficient for such redemption), into that number of fully paid and nonassessable shares of Common Stock, or such other securities and property as hereinafter provided (calculated as to each conversion to the nearest 1/100th of a share, with .5/100 rounded upwards), determined by dividing (i) the product of (x) \$50.00 and (y) the aggregate number of shares of Convertible Preferred Stock being converted at such time by such holder, by (ii) the Conversion Price. For purposes of

this Certificate "Conversion Price" shall initially mean \$22.76 until such Conversion Price is adjusted in accordance with the provisions of this Section 6 and thereafter shall mean the Conversion Price in effect from time to time as so adjusted. All adjustments in the Conversion Price shall be rounded to the nearest whole cent, with one-half cent rounded upward.

(b) Conversion Procedures. Any holder of shares of Convertible Preferred Stock desiring to convert such shares pursuant hereto shall surrender the certificate or certificates evidencing such shares at the office of a transfer agent for the Convertible Preferred Stock, which certificate or certificates, if the Corporation shall so require, shall be duly endorsed to the Corporation or in blank, or accompanied by proper instruments of transfer to the Corporation or in blank, accompanied by (i) an irrevocable written notice to the Corporation that the holder elects to convert such shares and specifying the name or names (with address or addresses) in which a certificate or certificates evidencing shares of Common Stock are to be issued, (ii) if required pursuant to Section 6(f), an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid) and (iii) such other payment, if any, required pursuant to the following paragraph.

Except as provided in Section 3(a), the holder of a share of Convertible Preferred Stock at the close of business on a Record Date shall be entitled to receive the dividend payable thereon on the corresponding Dividend Payment Date notwithstanding the conversion thereof during the Ex-Dividend Period or the Corporation's default in the payment of the dividend due on such Dividend Payment Date; provided, that, unless such share has been called for redemption on a redemption date during the Ex-Dividend Period, a share of Convertible Preferred Stock surrendered for conversion during the Ex-Dividend Period must be accompanied by payment of an amount equal to the dividend payable on such share on such Dividend Payment Date. Except as provided for above, no payments or adjustments in respect of dividends on shares of Convertible Preferred Stock surrendered for conversion (whether or not in arrears) or on account of any dividend on the Common Stock issued upon conversion shall be made upon the conversion of any shares of Convertible Preferred Stock.

The Corporation shall, as soon as practicable after such surrender for conversion of certificates evidencing shares of Convertible Preferred Stock and compliance with the other conditions herein contained, deliver at such offices of such transfer agent to the person for whom such shares of Convertible Preferred Stock are so surrendered, or to the nominee or nominees of such person, certificates evidencing the number of full shares of Common Stock to which such person shall be entitled, together with a cash payment in respect of any fraction of a share of Common Stock as hereinafter provided. Subject to the following provisions of this paragraph, each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Convertible Preferred Stock to be converted shall have been surrendered together with the irrevocable written notice, the payment of taxes (if applicable), and an amount equal to the dividend payable (if applicable), all as provided in the first two paragraphs of this Section 6(b), and the person or persons entitled to receive the Common Stock deliverable upon conversion of such Convertible Preferred Stock shall be treated for all purposes as the record holder or holders of such Common Stock at such time on such date, unless the stock transfer books of the Corporation shall be closed on such date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date on which such shares shall have been surrendered and the other conditions specified above have been satisfied.

(c) Adjustment of Conversion Price. The Conversion Price shall be subject to adjustment from time to time as follows:

(i) If the Corporation shall fix a Determination Date with respect to the payment or making of a dividend or other distribution on its Common Stock exclusively in Common Stock, the Conversion Price in effect as of the opening of business on the day following the Determination Date shall be reduced by multiplying such Conversion Price by a fraction (A) the numerator of which shall be the number of shares of Common Stock outstanding at the close of business on the Determination Date and (B) the denominator of which shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution. If such dividend or distribution is not so paid or made,

the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such Determination Date had not been fixed.

(ii) If the Corporation shall fix a Determination Date with respect to the making of a dividend or other distribution on its Common Stock consisting exclusively of rights or warrants entitling the holders thereof to subscribe for or purchase, during a period not exceeding 45 days from the date of such dividend or other distribution, shares of Common Stock at a price per share less than the Current Market Price per share of the Common Stock on the Determination Date, the Conversion Price in effect as of the opening of business on the day following the Determination Date shall be reduced by multiplying such Conversion Price by a fraction (A) the numerator of which shall be the sum of (x) the number of shares of Common Stock outstanding at the close of business on the Determination Date plus (y) the number of shares of Common Stock that the aggregate maximum offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such Current Market Price and (B) the denominator of which shall be the sum of (x) the number of shares of Common Stock outstanding at the close of business on the Determination Date plus (y) the number of shares of Common Stock so offered for subscription or purchase. To the extent such rights or warrants expire and, as a result, shares of Common Stock issuable upon exercise thereof will not be delivered, the Conversion Price shall be readjusted to the Conversion Price that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually issued upon exercise thereof. If such rights or warrants are not so issued, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such Determination Date had not been fixed.

(iii) If outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock or combined into a smaller number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision or combination becomes effective shall be proportionately reduced or increased, respectively, effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(iv) If the Corporation shall fix a Determination Date with respect to the making of a dividend or other distribution on its Common Stock (other than a dividend or distribution (A) referred to in Section 6(c)(i) or (ii), or (B) in connection with a Liquidation) consisting of evidences of its indebtedness, shares of any class of capital stock or other assets (including securities and Extraordinary Cash Dividends, but excluding Regular Cash Dividends) (any of the foregoing, other than any such excluded dividend or distribution, being hereinafter referred to as "Assets"), then, in each such case, unless the Corporation elects to reserve Assets for distribution to the holders of the Convertible Preferred Stock upon the conversion thereof so that any holder converting shares of Convertible Preferred Stock will receive upon such conversion, in addition to the shares of the Common Stock to which such holder is entitled, the amount and kind of such Assets that such holder would have received if such holder had, immediately prior to the Determination Date, converted its shares of Convertible Preferred Stock into Common Stock, the Conversion Price in effect as of the opening of business on the day following the Determination Date shall be reduced by multiplying such Conversion Price by a fraction (x) the numerator of which shall be the Current Market Price per share of the Common Stock on the Determination Date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) on the Determination Date of the portion of the Assets so distributed applicable to one share of Common Stock and (y) the denominator of which shall be such Current Market Price per share of the Common Stock on the Determination Date; provided however, that in the event the then fair market value (as so determined) of the portion of the Assets so distributed or distributable applicable to one share of Common Stock is equal to or greater than the Current Market Price per share of the Common Stock on the Determination Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of shares of Convertible Preferred Stock shall have the right to receive upon conversion the amount and kind of such Assets that such holder would have received if such holder had, immediately prior to the Determination Date, converted its shares of Convertible Preferred Stock into Common Stock.

If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price that would then be in effect if such Determination Date had not been fixed. If such Assets consist of any rights or warrants (other than those referred to in Section 6(c)(ii)) and such rights or warrants expire and, as a result, a portion of the Assets issuable on exercise thereof will not be delivered, the Conversion Price shall be readjusted to the Conversion Price that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the Assets actually delivered. To the extent that a distribution of Assets consists of or includes (x) securities and the Board of Directors determines the fair market value thereof by reference to the trading market therefor, the Board of Directors shall, if possible, consider the Closing Price of such securities over the same period and (if appropriate) applying adjustments of the type used in computing the applicable Current Market Price or (y) an Extraordinary Cash Dividend, the fair market value thereof shall be deemed to be the amount of cash constituting such Extraordinary Cash Dividend.

(v) In addition to any other adjustment required hereby, to the extent permitted by law, the Corporation from time to time may reduce the Conversion Price by any amount, permanently or for any period of time of at least twenty days (excluding Legal Holidays), if the reduction is irrevocable during the period. Whenever the Conversion Price is reduced pursuant to this Section 6(c)(v), the Corporation shall mail to holders of record of the Convertible Preferred Stock a notice of the reduction at least fifteen days prior to the date the reduced Conversion Price takes effect, and such notice shall state the reduced Conversion Price and, if applicable, the period it will be in effect.

(vi) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price; provided, however, that any adjustments which by reason of this subparagraph (vi) are not required to be made shall be carried forward and taken into account in determining whether any subsequent adjustment shall be required.

(vii) Notwithstanding any other provision of this Section 6, no adjustment to the Conversion Price shall reduce the Conversion Price below the then par value per share of the Common Stock, and any such purported adjustment shall instead reduce the Conversion Price to such par value. The Corporation hereby covenants not to take any action to increase the par value per share of the Common Stock.

(viii) When the Conversion Price is adjusted as herein provided:

(1) the Corporation shall compute the adjusted Conversion Price and shall prepare a certificate signed by the Treasurer or an Assistant Treasurer of the Corporation setting forth the adjusted Conversion Price and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed with the transfer agent for the Convertible Preferred Stock; and

(2) a notice stating that the Conversion Price has been adjusted and setting forth the adjusted Conversion Price shall as soon as practicable be mailed by the Corporation to all record holders of shares of Convertible Preferred Stock at their last addresses as they shall appear upon the stock transfer books of the Corporation.

(ix) In any case in which this subparagraph (c) provides that an adjustment shall become effective as of the opening of business on the day following a Determination Date, the Corporation may defer until the occurrence of the event for which such Determination Date shall have been fixed (A) issuing to the holder of any share of Convertible Preferred Stock converted after such Determination Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount in cash in lieu of any fractional share of Common Stock pursuant to Section 6(d).

(d) No Fractional Shares. No fractional shares or scrip representing fractional shares of Common Stock shall be issued upon conversion of Convertible Preferred Stock. If a certificate or certificates representing more than one share of Convertible Preferred Stock shall be surrendered for conversion at one time by the same record holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the

basis of the aggregate number of shares of Convertible Preferred
Stock so surrendered by such record holder as provided in Section
6(a). In lieu of any fractional share of Common

Stock that would otherwise be issuable upon conversion of any shares of Convertible Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional share in an amount equal to the same fraction of the Closing Price of the Common Stock on the Trading Day immediately preceding the date of conversion, calculated to the nearest cent, with one-half cent rounded upward.

(e) Reclassification, Consolidation or Merger. If a Fundamental Change occurs, then lawful provision shall be made as part of the terms of such transaction whereby the holder of each share of Convertible Preferred Stock then outstanding shall have the right thereafter, to convert such share only into:

(1) in the case of a Non-Stock Fundamental Change and subject to funds being legally available for such purpose under applicable law at the time of such conversion, the kind and amount of securities, cash or other property receivable upon such Non-Stock Fundamental Change by a holder of the number of shares of Common Stock into which such share of Convertible Preferred Stock was convertible immediately prior to such Non-Stock Fundamental Change, after giving effect to any adjustment in the Conversion Price required by the provisions of Section 6(h), and

(2) in the case of a Common Stock Fundamental Change, common stock of the kind received by holders of Common Stock as a result of such Common Stock Fundamental Change, at the Conversion Price, after giving effect to any adjustment therein required by the provisions of Section 6(h).

The Corporation or the person formed by a consolidation or resulting from a merger that constitutes a Fundamental Change or which acquires the Corporation's shares in any transaction that constitutes a Fundamental Change shall make provisions in its certificate or articles of incorporation or other constituent document to establish the right set forth above. Such certificate or articles of incorporation or other constituent document shall provide for adjustments in the Conversion Price which, for events subsequent to the effective date of such provisions, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 6.

(f) Reservation of Shares; Transfer Taxes, Etc. The Corporation shall at all times reserve and keep available, out of its authorized and unissued stock, solely for the purpose of effecting the conversion of the Convertible Preferred Stock, such number of shares of its Common Stock (and associated Rights, if any) free of preemptive rights as shall from time to time be sufficient to effect the conversion of all shares of Convertible Preferred Stock from time to time outstanding. The Corporation shall from time to time, in accordance with the laws of the State of Delaware, use its best efforts to increase the authorized number of shares of Common Stock (and associated Rights, if any) if at any time the number of shares of authorized and unissued Common Stock (and associated Rights, if any) shall not be sufficient to permit the conversion of all the then outstanding shares of Convertible Preferred Stock. If the delivery of Common Stock upon conversion of the Convertible Preferred Stock requires registration with or approval of any governmental authority under the laws of any United States jurisdiction, the Corporation will in good faith and as expeditiously as possible use commercially reasonable efforts to make such registration or obtain such approval, and shall not be required to deliver shares of Common Stock upon conversion until such registration is made or such approval is obtained. In addition, the Corporation shall not be required to deliver shares of Common Stock upon conversion if, in the opinion of its counsel, such delivery would violate the laws of any jurisdiction outside the United States.

The Corporation shall pay any and all issue or other taxes that may be payable in respect of any issue or delivery of shares of Common Stock upon conversion of the Convertible Preferred Stock. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of Common Stock (or other securities or assets) in a name other than that in which the shares of Convertible Preferred Stock so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(g) Prior Notice of Certain Events. In case:

(i) the Corporation shall (A) declare any dividend or any other distribution on its Common Stock (other than (x) a dividend or other distribution payable in shares of Common Stock, (y) a Regular Cash Dividend or (z) a dividend or other distribution of Rights that at the time are not exercisable or tradeable separately from the Common Stock), (B) declare or authorize a redemption or repurchase of in excess of

10% of the then outstanding shares of Common Stock, or (C) authorize the granting to all holders of Common Stock of rights or warrants to subscribe for or purchase any shares of stock of any class or of any other rights or warrants (other than Rights); or

(ii) of any reclassification of Common Stock (other than a subdivision or combination of the outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation shall be required, or of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or other property; or

(iii) of a Liquidation;

then the Corporation shall cause to be filed with the transfer agent for, and mailed to the holders of record of, the Convertible Preferred Stock, at their last addresses as they shall appear upon the stock transfer books of the Corporation, at least fifteen days prior to the applicable record date hereinafter specified, a notice stating (x) the date on which a record (if any) is to be taken for the purpose of such dividend, distribution, redemption, repurchase or granting of rights or warrants or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, redemption, repurchase, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, share exchange or Liquidation is expected to become effective, and the date, if any, as of which it is expected that holders of record of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, share exchange or Liquidation (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the corporate action required to be specified in such notice).

(h) Adjustments in Case of Fundamental Changes.

Notwithstanding any other provision in this Section 6 to the contrary, if any Fundamental Change occurs, then the Conversion Price in effect will be adjusted immediately after such Fundamental Change (which shall be deemed to occur on the earlier of (i) the occurrence of such Fundamental Change and (ii) the Determination Date related to such Fundamental Change) as described below.

In the case of a Non-Stock Fundamental Change, the Conversion Price immediately following such Fundamental Change shall become the lower of (A) the Conversion Price in effect immediately prior to such Fundamental Change (after giving effect to any other adjustments pursuant to this Section 6 made prior to such Fundamental Change), and (B) the product of (1) the greater of the Applicable Price and the then applicable Reference Market Price and (2) a fraction, the numerator of which shall be \$50.00 and the denominator of which shall be the then current Redemption Price per share of Convertible Preferred Stock if the redemption date were the date of such Non-Stock Fundamental Change (such denominator being (x) the applicable Redemption Price (including accumulated and unpaid dividends, whether or not declared) set forth in Section 5 hereof, or (y) for Non-Stock Fundamental Changes occurring during the twelve-month periods commencing February 18, 1994, 1995, 1996 and 1997, \$53.4875, \$53.1000, \$52.7125, and \$52.3250, respectively, together with any accumulated and unpaid dividends thereon, whether or not declared, to but excluding the date of such Non-Stock Fundamental Change).

In the case of a Common Stock Fundamental Change, the Conversion Price immediately following such Fundamental Change shall be the Conversion Price in effect immediately prior to such Fundamental Change (after giving effect to any other adjustments pursuant to this Section 6 made prior to such Fundamental Change) multiplied by a fraction, the numerator of which is the Purchaser Stock Price and the denominator of which is the Applicable Price; provided, however, that, in the event of a Common Stock Fundamental Change in which (A) 100% by value of the consideration received by a holder of Common Stock is common stock of the successor, acquiror or other third party (and cash, if any, paid with respect to any fractional interests in such common stock resulting from such Common Stock Fundamental Change) and (B) all of the Common Stock shall have been exchanged for, converted into or acquired for, common stock of such successor, acquiror or other third party (and cash, if any, with respect to fractional interests), the Conversion Price immediately following such Common Stock Fundamental Change shall be the Conversion Price in effect immediately prior

to such Common Stock Fundamental Change divided by the number of shares of common stock of such successor, acquiror, or other third party received by a holder of one share of Common Stock as a result of such Fundamental Change.

(i) Definitions. The following definitions shall apply to terms used in this Section 6:

(1) "Applicable Price" shall mean (i) in the event of a Non-Stock Fundamental Change in which the holders of the Common Stock receive only cash, the amount of cash received by the holder of one share of Common Stock and (ii) in the event of any other Fundamental Change, the average of the Closing Prices for one share of Common Stock during the ten Trading Days immediately prior to the record date for the determination of the holders of Common Stock entitled to receive cash, securities, property or other assets in connection with such Fundamental Change or, if there is no such record date, prior to the date upon which the holders of the Common Stock shall have the right to receive such cash, securities, property or other assets. The Closing Price on any Trading Day may be subject to adjustment as provided in Section 6(i)(4).

(2) "Closing Price" with respect to any security on any day shall mean the closing sale price, regular way, on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in each case on the NYSE or, if such security is not listed or admitted to trading on the NYSE, on the principal national securities exchange or quotation system on which such security is quoted or listed or admitted to trading or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the average of the closing bid and asked prices of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or if not so available, in such manner as furnished by any NYSE member firm selected from time to time by the Board of Directors for that purpose or a price determined in good faith by the Board of Directors (such determination to be conclusive and evidenced in a resolution adopted by the Board of Directors).

(3) "Common Stock Fundamental Change" shall mean any Fundamental Change in which more than 50% of the value (as determined in good faith by the Board of Directors (such determination to be conclusive and evidenced in a resolution adopted by the Board of Directors)) of the consideration received by the holders of Common Stock pursuant to such transaction consists of common stock that, for the ten consecutive Trading Days immediately prior to such Fundamental Change, has been admitted for listing or admitted for listing subject to notice of issuance on a national securities exchange or quoted on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ NMS"); provided, however, that a Fundamental Change shall not be a Common Stock Fundamental Change unless either (i) the Corporation continues to exist after the occurrence of such Fundamental Change and the outstanding shares of Convertible Preferred Stock continue to exist as outstanding shares of Convertible Preferred Stock, or (ii) not later than the occurrence of such Fundamental Change, the outstanding shares of Convertible Preferred Stock are converted into or exchanged for shares of convertible preferred stock of a corporation succeeding, directly or indirectly, to the business of the Corporation, which convertible preferred stock has powers, preferences and relative, participating, optional or other rights, and qualifications, limitations and restrictions, substantially similar to those of the Convertible Preferred Stock.

(4) "Current Market Price" per share of Common Stock on any date (the "Specified Date") shall be deemed to be the average of the daily Closing Prices with respect to the Common Stock for the ten consecutive Trading Days ending on the Specified Date (or, if the Specified Date is not a Trading Day, on the Trading Day immediately preceding the Specified Date); provided, however, that, if the Current Market Price is being calculated with respect to an event (the "Specified Event") requiring calculation pursuant to Section 6(c)(ii) or 6(c)(iv) and (A) the Ex-Date for any event that requires an adjustment to the Conversion Price pursuant to Section 6(c)(i), (ii), (iii) or (iv) or Section 6(h) other than the Specified Event (an "Other Event") occurs during such ten consecutive Trading Days and prior to the Ex-Date for the Specified Event, the Closing Price for each Trading Day prior to the Ex-Date for such Other Event shall be adjusted by multiplying such Closing Price by the same fraction by which the

Conversion Price is so required to be adjusted as a result of such Other Event, (B) the Ex-Date for any Other Event occurs during such ten consecutive Trading Days and on or after the Ex-Date for the Specified Event, the Closing Price for each Trading Day on and after the Ex-Date for such Other Event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such Other Event (provided that, if such fraction is required to be determined at any date by reference to events taking place subsequent to the Specified Date, the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors, shall estimate such fraction based on assumptions it deems reasonable regarding such events taking place subsequent to the Specified Date, and such estimated fraction shall be used for purposes of such adjustment until such time as the actual fraction by which the Conversion Price is so required to be adjusted as a result of such Other Event is determined), and (C) the Ex-Date for the Specified Event is on or prior to the Specified Date, after taking into account any adjustment required pursuant to clause (A) or (B) of this proviso, the Closing Price for each Trading Day on or after such Ex-Date shall be adjusted by adding thereto the amount of any cash and the fair market value (as determined by the Board of Directors in a manner consistent with any determination of such value for purposes of Section 6(c)(iv), whose determination shall be conclusive and described in a resolution of the Board of Directors) of the securities or other assets being distributed applicable to one share of Common Stock as of the close of business on the day before such Ex-Date.

(5) "Determination Date" shall mean, with respect to any dividend or other distribution, the date fixed for the determination of the holders of shares of Common Stock entitled to receive such dividend or distribution, or if a dividend or distribution is paid or made without fixing such a date, the date of such dividend or distribution.

(6) "Ex-Date" shall mean (i) when used with respect to any dividend, distribution or Fundamental Change, the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market without the right to receive such dividend or distribution, or the cash, securities, property or other assets distributable in such Fundamental Change to holders of the Common Stock, and (ii) when used with respect to any subdivision or combination of shares of Common Stock, the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective.

(7) "Extraordinary Cash Dividend" shall mean, with respect to any cash dividend or cash distribution (other than a dividend or distribution in connection with a Liquidation) on the Common Stock (the "Specified Dividend"), an amount determined pursuant to the following sentence. If, upon the date prior to the date of the declaration (the "Declaration Date") with respect to the Specified Dividend, the aggregate per share amount of the Specified Dividend, together with the aggregate per share amounts of all cash dividends and cash distributions on the Common Stock with Ex-Dates occurring in the 360 consecutive day period ending on the date prior to the Ex-Date with respect to the Specified Dividend, exceeds 15% of the Current Market Price of the Common Stock on the Trading Day prior to the Declaration Date with respect to the Specified Dividend, such excess shall be deemed to be an Extraordinary Cash Dividend.

(8) "Fundamental Change" shall mean the occurrence of any transaction or event pursuant to which all or substantially all of the Common Stock is exchanged for, converted into, or acquired for, or constitutes solely the right to receive, cash, securities, property or other assets (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise); provided, however, that (A) in the case of any plan involving more than one such transaction or event, for purposes of adjustment of the Conversion Price, such Fundamental Change shall be deemed to have occurred when substantially all of the Common Stock has been exchanged for, converted into, or acquired for, or constitutes solely the right to receive, cash, securities, property or other assets, but the adjustment shall be based upon the consideration that the holders of Common Stock received in such transaction or event as a result of which more than 50% of the Common Stock of the Corporation was exchanged for, converted into, or acquired for, or constituted solely the right to receive, cash, securities, property or other assets; and (B) such term does not include (i) a change in par value, or from par value to no par value, or from no par value to par value, or a subdivision or combination of the

Common Stock or (ii) for all purposes hereof (other than Section 6(e) and any defined terms when used therein), (x) any such transaction or event in which the Corporation and/or any of its subsidiaries are the issuers of all the cash, securities, property or other assets exchanged, acquired or otherwise issued in such transaction or event, or (y) any such transaction or event in which the holders of Common Stock receive securities of an issuer other than the Corporation if, immediately following such transaction or event, such holders hold a majority of the securities having the power to vote normally in the election of directors (or persons holding an equivalent position) of such other issuer outstanding immediately following such transaction or other event.

(9) "Non-Stock Fundamental Change" shall mean any Fundamental Change other than a Common Stock Fundamental Change.

(10) "Purchaser Stock Price" shall mean, with respect to any Common Stock Fundamental Change, the average of the Closing Prices for one share of the common stock received by holders of Common Stock in such Common Stock Fundamental Change during the ten Trading Days immediately prior to the record date for the determination of the holders of Common Stock entitled to receive such common stock, or if there is no such record date, prior to the date upon which the holders of the Common Stock shall have the right to receive such common stock.

(11) "Reference Market Price" shall initially mean \$12.33, and, in the event of any adjustment to the Conversion Price other than as a result of a Fundamental Change, the Reference Market Price shall be adjusted (with one-half cent rounded upward) so that the ratio of the Reference Market Price to the Conversion Price after giving effect to any such adjustment shall always be equal to 0.5417.

(12) "Regular Cash Dividend" means any cash dividend or cash distribution with respect to the Common Stock other than an Extraordinary Cash Dividend.

(13) "Trading Day" shall mean (x) if the applicable security is listed or admitted for trading on the NYSE or another national securities exchange, a day on which the NYSE or such other national securities exchange is open for business or (y) if the applicable security is quoted on the NASDAQ NMS, a day on which a trade may be made on the NASDAQ NMS or (z) if the applicable security is not otherwise listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(j) Dividend or Interest Reinvestment Plans; Other.

Notwithstanding the foregoing provisions, (i) the issuance of any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Common Stock under any such plan, (ii) the issuance of any shares of Common Stock or options or rights to purchase such shares pursuant to any employee benefit plan or similar program of the Corporation, (iii) the issuance of any shares of Common Stock upon exercise of any other option, warrant, right or exercisable, exchangeable or convertible security of the Corporation (it being understood that the provisions of this clause (iii) shall not prevent an adjustment to the Conversion Price otherwise required hereunder, if any, upon the issuance, or the Determination Date relating to the issuance, of such other option, warrant, right or exercisable, exchangeable or convertible security), and (iv) subject to Section 6(k) below, any issuance of Rights that at the time of original issuance are not exercisable or tradeable separately from the Common Stock but may become exercisable or separately tradeable upon terms and conditions set forth or similar to those set forth in the Rights Agreement, shall not be deemed to constitute an issuance of Common Stock or exercisable, exchangeable or convertible securities by the Corporation to which any of the adjustment provisions described above applies. There shall also be no adjustment of the Conversion Price in case of the issuance of any stock (or securities convertible into or exchangeable for stock) of the Corporation except as specifically described in this Section 6. Except as expressly set forth above, if any action would require adjustment of the Conversion Price pursuant to more than one of the provisions described above, only one adjustment shall be made and such adjustment shall be the amount of adjustment which has the highest value to the holders of the Convertible Preferred Stock (as determined by the Board of Directors, whose determination shall be conclusive).

(k) Rights. So long as Rights are attached to the outstanding shares of Common Stock, each share of Common Stock issued upon conversion of the shares of Convertible Preferred Stock prior to the earliest of any Distribution Date (as defined below), the date of redemption of the Rights or the date of expiration of the Rights shall be issued with Rights in a number equal to the number of Rights then attached to each outstanding share of Common Stock.

If a Distribution Date shall occur, then for purposes of Section 6(c)(iv) (and no other purpose), a distribution of all Rights then outstanding shall be deemed to occur on such date, which shall be deemed the Determination Date with respect to such distribution. For purposes of such Section, a redemption of such Rights shall be deemed an expiration thereof, except that the portion of the Assets that were not delivered as a result of the expiration of such Rights shall be reduced by the aggregate amount paid in redemption of such Rights. If the Corporation does not elect to reserve Rights for distribution to the holders of the Convertible Preferred Stock upon the conversion thereof after such Distribution Date in accordance with Section 6(c)(iv), the adjustments required pursuant to such Section shall be deemed an appropriate adjustment for purposes of Section 3(e) of the Rights Agreement or any similar provision relating to Rights. Notwithstanding any other provision hereof, no adjustment in the Conversion Price shall be made on account of any exercise of Rights. References to Common Stock in this Certificate do not include the Rights attached thereto.

As used herein, the term "Distribution Date" shall have the meaning given thereto in the Rights Agreement or, if such term is not defined therein, shall mean the first date upon which Rights become exercisable or tradeable separately from the Common Stock.

(l) Exclusion of Treasury Shares. For purposes of this Section 6, the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation or any of its majority-owned subsidiaries.

7. Voting Rights.

(a) General. The holders of the Convertible Preferred Stock (voting separately as a class with the Common Stock and all other classes or series of preferred stock upon which like voting rights have been conferred) will have the right to vote for the election of directors and for all other purposes. The holders of Convertible Preferred Stock will have the additional voting rights set forth below and as otherwise from time to time required by applicable law. In connection with any right to vote, each holder of Convertible Preferred Stock will have one vote for each such share held. Any shares of Convertible Preferred Stock held by the Corporation or any subsidiary of the Corporation shall not have voting rights hereunder and shall not be counted in determining the presence of a quorum or in calculating any percentage of shares under this Section 7.

(b) Default Voting Rights. Whenever dividends on the Convertible Preferred Stock shall be in arrears in an aggregate amount equal to at least six full quarterly dividends (whether or not consecutive), (i) the number of members of the Board of Directors shall be increased by two, effective as of the time of election of such directors and (ii) the holders of the Convertible Preferred Stock (voting separately as a class with all other affected classes or series of preferred stock upon which like voting rights have been conferred and are exercisable) will have the exclusive right to vote for and elect such two additional directors of the Corporation. The right of the holders of the Convertible Preferred Stock to vote for such two additional directors shall be in addition to any other voting rights which such holders may have and shall terminate when all accumulated and unpaid dividends on the Convertible Preferred Stock have been declared and paid or set apart for payment. The term of office of all directors so elected shall terminate immediately upon the termination of the rights of the holders of the Convertible Preferred Stock and such other preferred stock to vote for such two additional directors. Each such director so elected shall serve until the next annual meeting and until his successor is elected, unless his term of office is terminated earlier as provided in the preceding sentence.

The foregoing right of the holders of the Convertible Preferred Stock with respect to the election of two directors shall be exercisable at the next annual meeting of stockholders following the default or at any special meeting of stockholders held for such purpose. If the right to elect directors shall have accrued to the holders

of the Convertible Preferred Stock more than ninety days preceding the date established (or, if not yet established, reasonably expected by the Corporation to be established) for the next annual meeting of stockholders, the Chairman of the Board of the Corporation or other authorized officer of the Corporation, if any, shall, within twenty days after the delivery to the Corporation at its principal office of a written request for a special meeting signed by the holders of at least 10% of all outstanding shares of the Convertible Preferred Stock, call a special meeting of the holders of the Convertible Preferred Stock and any other holders of preferred stock entitled to vote thereon to be held within sixty days after the delivery of such request for the purpose of electing such additional directors.

The holders of the Convertible Preferred Stock and such other preferred stock referred to above voting as a class shall have the exclusive right to remove without cause at any time and replace any directors such holders shall have elected pursuant to this Section 7.

(c) Class Voting Rights. So long as the Convertible Preferred Stock is outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of at least 66-2/3% (or such higher percentage, if any, as may then be required by applicable law) of all outstanding shares of the Convertible Preferred Stock, voting separately as a class, (i) amend, alter or repeal any provision of the Certificate of Incorporation, as the same may be amended from time to time, so as to affect adversely the relative rights, preferences, qualifications, limitations or restrictions of the Convertible Preferred Stock or (ii) create, authorize or issue, or reclassify any authorized stock of the Corporation into, or increase the authorized amount of, any class or series of stock of the Corporation ranking senior to the Convertible Preferred Stock as to dividends or upon Liquidation. A class vote on the part of the Convertible Preferred Stock shall not be required (except as otherwise required by law or resolution of the Board of Directors) in connection with any other matter, including, without limitation, the authorization, issuance or increase in the authorized amount of any shares of any class or series of stock of the Corporation that either (A) ranks junior to, or on a parity with, the Convertible Preferred Stock as to dividends and upon Liquidation or (B) is, at the time of such increase, undesignated as to ranking with respect to dividends and upon Liquidation.

8. Ranking. Any class or series of stock of the Corporation shall be deemed to rank:

(i) prior to the Convertible Preferred Stock, as to dividends or upon Liquidation, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon Liquidation, as the case may be, in preference or priority to the holders of Convertible Preferred Stock.

(ii) on a parity with the Convertible Preferred Stock, as to dividends or upon Liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof are different from those of the Convertible Preferred Stock, if the holders of such class or series of stock and the Convertible Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon Liquidation, as the case may be, in proportion to their respective amounts of accumulated and unpaid dividends per share or liquidation prices, as the case may be, without preferences or priority one over the other. For purposes of this Certificate, the shares of Convertible Preferred Stock shall rank on a parity with the shares of the Corporation's \$3.875 Cumulative Convertible Preferred Stock and the Corporation's \$3.00 Cumulative CXY-Indexed Convertible Preferred Stock as to dividends and upon liquidation.

(iii) junior to the Convertible Preferred Stock, as to dividends or upon Liquidation, if such stock shall be Common Stock or any other class or series of capital stock of the Corporation if the holders of Convertible Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon Liquidation, as the case may be, in preference or priority to the holders of shares of such stock. For purposes of this Certificate, the Series A Junior Participating Preferred Stock of the Corporation shall constitute Junior Preferred Stock.

9. Outstanding Shares. For purposes of this Certificate, all shares of Convertible Preferred Stock issued by the Corporation shall be deemed outstanding except (i) as provided in Section 5(d), (ii) from the date of surrender of a certificate evidencing shares of Convertible Preferred Stock, all shares of Convertible Preferred Stock represented by such certificate and converted into Common Stock and (iii) from the date of registration

of transfer, all shares of Convertible Preferred Stock held of record by the Corporation or any direct or indirect majority-owned subsidiary of the Corporation.

10. Status of Acquired Shares. Shares of Convertible Preferred Stock redeemed by the Corporation, received upon conversion pursuant to Section 6 or otherwise acquired by the Corporation will be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to class, and may thereafter be issued, but not as shares of Convertible Preferred Stock.

11. Preemptive Rights. The Convertible Preferred Stock is not entitled to any preemptive or subscription rights in respect of any securities of the Corporation.

12. Severability of Provisions. Whenever possible, each provision hereof shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision hereof is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions hereof.

IN WITNESS WHEREOF, Occidental Petroleum Corporation has caused this Certificate to be made under the seal of the Corporation and signed by Fred J. Gruberth, its Vice President and Treasurer, and attested by Matthew T. Gay, its Assistant Secretary, on the 22nd day of December, 1994.

OCCIDENTAL PETROLEUM CORPORATION

By: /s/ FRED J. GRUBERTH
Name: Fred J. Gruberth
Title: Vice President and Treasurer

Attest:

/s/ MATTHEW T. GAY
Name: Matthew T. Gay
Title: Assistant Secretary

EXHIBIT 3(ii)

[AS AMENDED DECEMBER 15, 1994]

BY-LAWS
OF
OCCIDENTAL PETROLEUM CORPORATION
(HEREINAFTER CALLED THE "CORPORATION")

ARTICLE I

OFFICES

SECTION 1. Registered Office. The registered office of the Corporation shall be in the City of Dover, County of Kent, State of Delaware.

SECTION 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II

MEETING OF STOCKHOLDERS

SECTION 1. Place and Conduct of Meetings. Meetings of the stockholders for the election of directors or for the transaction of only such other business as may properly be brought before the meeting in accordance with these By-laws shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. The Chairman of such meetings shall have plenary power and authority with respect to all matters relating to the conduct thereof including, without limitation, the authority to limit the amount of time which may be taken by any stockholder or stockholders, the authority to appoint and be advised by a parliamentarian, and the authority to appoint and to instruct a sergeant or sergeants at arms.

SECTION 2. Annual Meetings. The Annual Meetings of Stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, for the purpose of electing directors and for the transaction of only such other business as may properly be brought before the meeting in accordance with these By-laws.

To be properly brought before the Annual Meeting, business must be either (a) specified in the notice of Annual Meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the Annual Meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed to and received at the principal executive offices of the Corporation, not less than fifty days nor more than seventy-five days prior to the Annual Meeting; provided, however, that in the event that less than sixty days' notice or prior public disclosure of the date of the Annual Meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure was made, whichever first occurs. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the Annual Meeting (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class, series

and number of shares of the Corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in the By-laws to the contrary, no business shall be conducted at the Annual Meeting except in accordance with the procedures set forth in this Section 2, provided, however, that nothing in this Section 2 shall be deemed to preclude discussion by any stockholder of any business properly brought before the Annual Meeting.

The Chairman of an Annual Meeting shall, if the facts warrant, determine and declare to the Annual Meeting that business was not properly brought before the Annual Meeting in accordance with the provisions of this Section 2, and if he should so determine, he shall so declare to the Annual Meeting and any such business not properly brought before the Annual Meeting shall not be transacted.

Written notice of the Annual Meeting stating the place, date and hour of the Annual Meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

SECTION 3. Special Meetings. Unless otherwise prescribed by law or by the Certificate of Incorporation, Special Meetings of Stockholders, for any purpose or purposes, may be called by the Board of Directors or the Chairman of the Board. Written notice of a Special Meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting.

SECTION 4. Quorum. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

SECTION 5. Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-laws, any question brought before any meeting of stockholders shall be decided by the affirmative vote of a majority of the shares present in person or by proxy at the meeting for the purposes of determining the presence of a quorum at such meeting. Unless otherwise provided in the Certificate of Incorporation, each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. No vote at any meeting of stockholders need be by written ballot unless the Board of Directors, in its discretion, or the officer of the Corporation presiding at the meeting, in his discretion, specifically directs the use of a written ballot.

SECTION 6. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be

specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

SECTION 7. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 6 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

SECTION 8. Voting Procedures and Inspectors of Election. The corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting.

ARTICLE III

DIRECTORS

SECTION 1. Number and Election of Directors. Subject to the rights, if any, of holders of preferred stock issued by the Corporation to elect directors of the Corporation, the Board of Directors shall consist of thirteen (13) directors, until changed within the limits set forth in the Restated Certificate of Incorporation by amendment of these By-laws or by resolution duly adopted by the Board of Directors from time to time. Except as provided in Section 2 of this Article III, directors shall be elected by a plurality of the votes cast at Annual Meetings of Stockholders, and each director so elected shall hold office until his successor is duly elected and qualified, or until his earlier resignation or removal. No person shall be eligible for election as a director of the Corporation who shall have reached the age of seventy-two (72) at the date of such election; provided, however, that any person serving as a director of the Corporation on December 15, 1994, who shall have reached the age of seventy-two at such date, shall be eligible for re-election as a director of the Corporation once, at the Annual Meeting of Stockholders occurring upon the expiration of the term of office such director was serving at December 15, 1994. Any director may resign at any time effective upon giving written notice to the Corporation, unless the notice specifies a later time for such resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor prior to such effective time to take office when such resignation becomes effective. Directors need not be stockholders.

SECTION 2. Nominations of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation at the Annual Meeting of Stockholders may be made at such meeting by or at the direction of the Board of Directors by any nominating committee or person appointed by the Board of Directors or by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 2. Such

nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than fifty days nor more than seventy-five days prior to the meeting; provided, however, that in the event that less than sixty days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the person, (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the Rules and Regulations of the Securities and Exchange Commission under Section 14 of the Securities Exchange Act of 1934, as amended, and (v) the written consent of the person to serve as a director, if elected; and (b) as to the stockholder giving the notice, (i) the name and record address of such stockholder, and (ii) the class, series and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein.

The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 3. Vacancies. Any newly created directorship resulting from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy on the Board of Directors may be filled by a majority of directors then in office, though less than a quorum, or by a sole remaining director. Any director elected to fill a newly created directorship resulting from an increase in any class of directors shall hold office for a term that shall coincide with the remaining term of the other directors of that class. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same term as the remaining term of his predecessor.

SECTION 4. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-laws directed or required to be exercised or done by the stockholders.

SECTION 5. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there be one, the President, or any three directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than forty-eight hours before the date of the meeting, by telephone, telegram or telecopy on twenty-four hours notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

SECTION 6. Quorum. Except as may be otherwise specifically provided by law, at all meetings of the Board of Directors or of any committee thereof, a majority of the members of the entire Board of Directors or of the said committee shall constitute a quorum for the transaction of business; and the act of a majority of the directors or members of the committee present at any meeting at which there is a quorum

shall be the act of the Board of Directors or of the said committee, as the case may be. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors or members of the committee if any action taken is approved by at least a majority of the required quorum for that meeting. If a quorum shall not be present at any meeting of the Board of Directors or of any committee thereof, the directors or members of the committee present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 7. Actions of Board. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

SECTION 8. Meetings by Means of Conference Telephone. Members of the Board of Directors of the Corporation, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 8 shall constitute presence in person at such meeting.

SECTION 9. Committees. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and any such committee which is denominated an "Executive Committee" shall have the power and authority to declare a dividend, to authorize the issuance of stock and to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law of the State of Delaware; and any other committee that is established by the Board of Directors for the purpose of authorizing the issuance of stock shall have the power and authority to authorize the issuance of stock of the Corporation, subject to any limitations contained in the resolutions establishing such committee. Meetings of any committee which is denominated an "Executive Committee" may be called by the Chairman of such committee. Meetings of any other committee may be called by the Chairman of such committee, if there be one, or by any two members thereof other than such Chairman. Notice thereof stating the place, date and hour of the meeting shall be given to each member by mail not less than forty-eight hours before the date of the meeting; by telephone, telegram or telecopy on twenty-four hours notice; or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Each committee shall keep regular minutes and report to the Board of Directors when required.

SECTION 10. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors and/or a stated annual fee as a director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 11. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership,

association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IV

OFFICERS

SECTION 1. General. The officers of this Corporation shall be chosen by the Board of Directors and shall be a Chairman of the Board, who shall be the Chief Executive Officer, any number of Vice Chairmen, a President, a Senior Operating Officer, any number of Executive Vice Presidents, one or more of whom may be designated Senior Executive Vice President, any number of Vice Presidents with such rank as the Board of Directors may designate, a Secretary, any number of Assistant Secretaries, a Treasurer, and any number of Assistant Treasurers. One of such Executive Vice Presidents or Vice Presidents shall be designated Chief Financial Officer and shall have responsibility, subject to the direction of the Board of Directors, the Chairman of the Board and the President, for the management of the Corporation's financial affairs. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-laws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board of Directors, need such officers be directors of the Corporation.

SECTION 2. Election. The Board of Directors at its first meeting held after each Annual Meeting of Stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in an office of the Corporation shall be filled by the Board of Directors.

SECTION 3. Remuneration. The Board of Directors shall have the exclusive power to fix and determine the salaries and other remuneration, and the terms and conditions thereof, of all officers of the Corporation.

SECTION 4. Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside at all meetings of the stockholders and of the Board of Directors and the Executive Committee, if any, shall have general and active management of the business and affairs of the Corporation, shall have plenary power to issue orders and instructions to all officers and employees of the Corporation, and shall see that all orders and resolutions of the Board of Directors and the Executive Committee, if any, are carried into effect. He shall be the Chief Executive Officer of the Corporation, and except where by law the signature of the President is required, the Chairman of the Board of Directors shall possess the power to enter into and sign all contracts, certificates and other instruments of the Corporation, and shall have the power to delegate any portion of his authority under these By-laws to any other officer of the Corporation. During the absence or disability of the President, the Chairman of the

Board of Directors shall exercise all the powers and discharge all the duties of the President. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-laws or by the Board of Directors.

SECTION 5. Vice Chairmen of the Board of Directors. The Vice Chairman of the Board of Directors or Vice Chairmen of the Board of Directors, if there is more than one (in the order designated by the Board of Directors), shall perform such duties and may exercise such powers as from time to time may be assigned to him by the Board of Directors or the Chairman of the Board of Directors.

SECTION 6. President. The President shall perform such duties and have such powers as the Board of Directors or the Chairman of the Board may from time to time prescribe. In the absence or disability of the Chairman of the Board of Directors, or if there be none, the President shall preside at all meetings of the stockholders and the Board of Directors. If there be no Chairman of the Board of Directors, the President shall be the Chief Executive Officer of the Corporation. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-laws, by the Board of Directors or by the Chairman of the Board of Directors.

SECTION 7. Senior Operating Officer. The Senior Operating Officer shall perform such duties and have such powers as are prescribed for Executive Vice Presidents and Vice Presidents under these By-laws and under any resolution of the Board of Directors and shall perform such additional duties and have such additional powers as the Board of Directors or the Chairman of the Board of Directors may from time to time prescribe. The Senior Operating Officer shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-laws, by the Board of Directors, or by the Chairman of the Board of Directors.

SECTION 8. Executive Vice Presidents and Vice Presidents. At the request of the President or in his absence or in the event of his inability or refusal to act (and if there be no Chairman of the Board of Directors), the Executive Vice Presidents and Vice Presidents (in the order designated by the Board of Directors) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties and have such other powers as the Board of Directors or the Chairman of the Board of Directors from time to time may prescribe. If there be no Chairman of the Board of Directors and no Vice President, the Board of Directors shall designate the officer of the Corporation who, in the absence of the President or in the event of the inability or refusal of the President to act, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

SECTION 9. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chairman of the Board of Directors, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be any, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

SECTION 10. Treasurer. Subject to the direction of the Chief Financial Officer, the Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 11. Assistant Secretaries. Except as may be otherwise provided in these By-laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board of Directors, the President, any Vice President, if there be any, or the Secretary, and in the absence of the Secretary or in the event of his disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

SECTION 12. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board of Directors, the President, any Vice President, if there be any, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

SECTION 13. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

SECTION 14. Officers of Divisions. The officers of divisions of the Corporation shall perform such duties and may exercise such powers as the Chairman of the Board may from time to time prescribe.

ARTICLE V

STOCK

SECTION 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the President or a Vice President and (ii) by the Chief Financial Officer or the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

SECTION 2. Signatures. Where a certificate is countersigned by (i) a transfer agent other than the Corporation or its employee, or (ii) a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has

signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 3. Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-laws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued.

SECTION 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI

NOTICES

SECTION 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex or cable or by facsimile or other electronic transmission. Notice given by any such means shall be deemed to have been given at the time delivered, sent or transmitted.

SECTION 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these By-laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII

GENERAL PROVISIONS

SECTION 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

SECTION 2. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SECTION 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 5. Stock Held by Corporation. Powers of attorney, proxies, waivers of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name and on behalf of the Corporation by the Chairman of the Board, or such other officer or officers as the Board of Directors or the Chairman of the Board may designate, and any such officer shall have full power and authority on behalf of the Corporation, in person or by proxy, to attend, and to act and vote at, any meeting of stockholders of any corporation in which the Corporation may hold securities, and at any such meeting shall possess, and may exercise, any and all of the rights and powers incident to the ownership of such securities.

ARTICLE VIII

INDEMNIFICATION

SECTION 1. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or Section 2 of this Article VIII, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

SECTION 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information, opinions, reports or statements supplied to him by the officers or employees of the Corporation or another enterprise in the course of their duties, or by a committee of the Board of Directors of the Corporation, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports or statements made to the Corporation or another enterprise by an independent certified public accountant, by an appraiser or by another person selected with reasonable care by or on behalf of the Corporation or another enterprise as to matters such person reasonably believes are within such certified public accountant's, appraiser's, or other person's professional or expert competence. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be.

SECTION 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director, officer, employee or agent may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that

indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standards of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application.

SECTION 6. Expenses Payable in Advance. Expenses incurred in defending or investigating a threatened or pending action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VIII.

SECTION 7. Non-exclusivity and Survival of Indemnification. The indemnification and advancement of expenses provided by this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise. The indemnification and advancement of expenses provided by this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VIII.

SECTION 9. Meaning of "Corporation" for Purposes of Article VIII. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE
AND FULLY DILUTED EARNINGS PER SHARE
(Amounts in thousands, except per-share amounts)

For the Years Ended December 31, -----	1994		1993		1992	
	Shares	Net Income	Shares	Net Income	Shares	Net Income
EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE						
Applicable to common shares:						
Income (loss) from continuing operations		\$(111,256)		\$ 35,375		\$ 123,096
Discontinued operations, net		--		221,100		(622,169)
Extraordinary gain (loss), net		(176)		(12,328)		(1,728)
Cumulative effect of changes in accounting principles, net		--		--		(93,313)
Earnings (loss) applicable to common stock		\$(111,432) =====		\$244,147 =====		\$(594,114) =====
Common shares outstanding at beginning of year	305,603		303,728		300,063	
Issue of common shares, weighted average	5,258		1,130		1,952	
Conversions, weighted average options exercised and other	13 (68)		24 (30)		2 --	
Repurchase of common shares						
Effect of assumed conversions:						
Dilutive effect of exercise of options outstanding and other	30		46		--	
Weighted average common and common equivalent share	310,836 =====		304,898 =====		302,017 =====	
Primary earnings per share:						
Income (loss) from continuing operations		\$ (.36)		\$.12		\$.41
Discontinued operations, net		--		.72		(2.06)
Extraordinary gain (loss), net		--		(.04)		(.01)
Cumulative effect of changes in accounting principles, net		--		--		(.31)
Earnings (loss) per common and common equivalent share		\$ (.36) =====		\$.80 =====		\$ (1.97) =====
FULLY DILUTED EARNINGS PER SHARE						
Earnings (loss) applicable to common stock		\$(111,432) =====		\$244,147 =====		\$(594,114) =====
Common shares outstanding at beginning of year	305,603		303,728		300,063	
Issue of common shares, weighted average	5,258		1,130		1,952	
Conversions, weighted average options exercised and other	13 (68)		24 (30)		2 --	
Repurchase of common shares						
Effect of assumed conversions:						
Dilutive effect of exercise of options outstanding and other	40		55		--	
Total for computation of fully diluted earnings per share	310,846 =====		304,907 =====		302,017 =====	
Fully diluted earnings per share:						
Income (loss) from continuing operations		\$ (.36)		\$.12		\$.41
Discontinued operations, net		--		.72		(2.06)
Extraordinary gain (loss), net		--		(.04)		(.01)
Cumulative effect of changes in accounting principles, net		--		--		(.31)
Fully diluted earnings (loss) per share		\$ (.36) =====		\$.80 =====		\$ (1.97) =====

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

For the Years Ended December 31,	1994	1993	1992	1991	1990
Income (loss) from continuing operations (a)	\$ (46)	\$ 80	\$ 131	\$ 374	\$(1,416)
Add:					
Provision (benefit) for taxes on income (other than foreign oil and gas taxes)	50	204	114	343	(78)
Interest and debt expense (b)	594	601	666	880	919
Portion of lease rentals representative of the interest factor	55	53	56	57	62
Preferred dividends to minority stockholders of subsidiaries (c)	--	--	7	11	7
	699	858	843	1,291	910
Earnings (loss) before fixed charges	\$ 653	\$ 938	\$ 974	\$ 1,665	\$ (506)
Fixed charges					
Interest and debt expense including capitalized interest (b)	\$ 599	\$ 612	\$ 685	\$ 912	\$ 972
Portion of lease rentals representative of the interest factor	55	53	56	57	62
Preferred dividends to minority stockholders of subsidiaries (c)	--	--	7	11	7
Total fixed charges	\$ 654	\$ 665	\$ 748	\$ 980	\$ 1,041
Ratio of earnings to fixed charges	n/a(d)	1.41	1.30	1.70	n/a(e)

(a) Includes (1) minority interest in net income of majority-owned subsidiaries 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) Adjusted to a pretax basis.

(d) Not computed due to less than one-to-one coverage. Earnings were inadequate to cover fixed charges by \$1 million.

(e) Not computed due to negative result. Earnings were inadequate to cover fixed charges by \$1.547 billion.

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

Dollar amounts in millions, except per-share amounts

Occidental Petroleum Corporation
and Subsidiaries

For the years ended December 31,	1994	1993	1992	1991	1990
RESULTS OF OPERATIONS					
Net sales and operating revenues	\$ 9,236	\$ 8,116	\$ 8,494	\$ 9,498	\$ 10,837
Income (loss) from continuing operations	\$ (36)	\$ 74	\$ 126	\$ 372	\$ (1,419)
Net income (loss)	\$ (36)	\$ 283	\$ (591)	\$ 460	\$ (1,695)
Preferred dividend requirements	\$ 76	\$ 39	\$ 3	\$ 7	\$ 7
Earnings (loss) per common share from continuing operations	\$ (.36)	\$.12	\$.41	\$ 1.22	\$ (4.88)
Earnings (loss) per common share	\$ (.36)	\$.80	\$ (1.97)	\$ 1.52	\$ (5.82)
FINANCIAL POSITION					
Total assets	\$ 17,989	\$ 17,123	\$ 17,877	\$ 15,763	\$ 18,202
Senior funded debt, net	\$ 5,823	\$ 5,728	\$ 5,452	\$ 5,478	\$ 6,033
Subordinated debt, net	\$ --	\$ --	\$ --	\$ --	\$ 1,324
Capital lease liabilities, net	\$ 291	\$ 319	\$ 354	\$ 379	\$ 60
Redeemable preferred stock	\$ --	\$ --	\$ --	\$ --	\$ 13
Stockholders' equity	\$ 4,457	\$ 3,958	\$ 3,440	\$ 4,340	\$ 4,114
Common dividends declared per share	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 2.50
AVERAGE SHARES OUTSTANDING (THOUSANDS)	310,836	304,898	302,017	298,548	292,543

See Management's Discussion and Analysis and the Notes to Consolidated Financial Statements for information regarding accounting changes, asset dispositions and charges for litigation matters, environmental remediation and other costs and other special items affecting comparability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

1994 BUSINESS ENVIRONMENT The 1994 results for the exploration and production sector of the oil industry were dominated by the sharp drop in oil prices beginning in the final quarter of 1993 and continuing into mid-1994. This drop reflected the reluctance of OPEC to adjust its collective production downward in the face of rising non-OPEC output, a weakening European economy and the fear that the resumption of exports from Iraq was imminent.

Oil prices recovered in the last half of the year. Rising demand, OPEC's resolve to keep its production constant at 24.5 million barrels per day and the absence of any indication of the imminent return of Iraq to the market were responsible for the recovery of oil prices.

Natural gas prices, conversely, were relatively strong during the first half of 1994 due to unusually cold weather in January and February and higher second quarter storage refilling. Gas prices in the second half dropped significantly as supply availability rose as a result of increased U.S. and Canadian drilling in 1993 and 1994. Mild weather in November and December limited the normal winter price recovery since more supply was available from producing areas and storage inventories were higher.

The interstate natural gas pipeline industry completed its first year of operation under Federal Energy Regulatory Commission (FERC) Order 636. As a consequence, interstate pipelines no longer are marketers of natural gas but instead provide transportation and storage services. The sale of natural gas to local distribution companies and end-users has shifted to producers and nonregulated marketing companies, including interstate pipeline company affiliates.

1994 marked a year of change for the U.S. chemical industry. Stronger than projected demand growth combined with unanticipated industry production outages contributed to a general improvement in supply-and-demand balance, allowing increases of both prices and margins. Demand for OxyChem products increased due to the strengthening of the U.S. and other economies of the world and from strong recoveries in such key end-use markets as the construction, automotive, pulp and paper, and aluminum industries. The earnings at OxyChem improved as a result of these increases in product margins and continued to benefit from cost reduction efforts of the last several years.

Although margins eroded in the chlor-alkali business in the first quarter of 1994, a succession of caustic soda price increases throughout the year has brought margins close to historical highs in the first quarter of 1995. Prices for ethylene and ethylene co-products, such as propylene, improved dramatically in 1994. This was due to a combination of strong demand as well as shortages resulting from industry production problems. OxyChem estimates that industry ethylene prices rose more than 50 percent from the first quarter to the fourth quarter of 1994. High density polyethylene (HDPE) demand was strong in 1994, and combined with some industry shortages of its primary raw material, ethylene, allowed for the improvement of both prices and margins. Polyvinyl chloride (PVC) demand continued to grow at strong rates in 1994 which also was reflected in improved selling prices.

1994 INCOME SUMMARY Occidental incurred a net loss of \$36 million (\$.36 per share) in 1994, on net sales and operating revenues of \$9.2 billion. Before the after-tax effect of the special items listed below, earnings were \$31 million. The net loss included charges of \$100 million for environmental and litigation matters, \$48 million for expenses related to the curtailment and closure of certain chemical plant operations, \$12 million for a voluntary retirement program and severance and related costs, \$11 million for the impairment of oil and gas properties and an \$11 million unfavorable impact related to both an explosion and charges for start-up costs at two chemical plants. In addition, the 1994 results included the following favorable special items: a gain of \$16 million from the sale of Occidental's remaining interests in its producing operations in Argentina; a \$15 million benefit resulting from the reversal of reserves no longer needed for anticipated liabilities related to the sale of Occidental's U.K. North Sea interests; a benefit of \$13 million from a reduction of LIFO inventory; an after-tax benefit of \$12 million from a reduction of the contract impairment reserve; and a net benefit of \$7 million resulting from the reversal of reserves no longer required and the adoption of Statement of Financial Accounting Standards (SFAS) No. 112--"Employers' Accounting for Postemployment Benefits."

DIVISIONAL OPERATIONS The following discussion of each of Occidental's three operating divisions and corporate items should be read in conjunction with Note 15 to the Consolidated Financial Statements.

Divisional earnings exclude interest income, interest expense, unallocated corporate expenses, discontinued operations, extraordinary items, the cumulative effect of changes in accounting principles and income from equity investments, but include gains from dispositions of divisional assets.

Foreign income and other taxes and certain state taxes are included in divisional earnings on the basis of operating results. Beginning in 1992, in connection with the adoption of SFAS No. 109--"Accounting for Income Taxes," Occidental changed its method of allocating to its operating divisions charges in lieu of U.S. federal income taxes. Under this method, amounts are allocated to the divisions only to the extent of the tax effect of operating charges and credits resulting from purchase accounting adjustments, as further adjusted in accordance with SFAS No. 109.

In accordance with the method adopted in 1992, divisional earnings in 1994 benefited by \$91 million from net credits allocated. This included credits of \$18 million, \$41 million and \$32 million in oil and gas, natural gas transmission and chemical, respectively. Divisional earnings in 1993 benefited by \$42 million from net credits allocated. This included credits of \$20 million and \$38 million in oil and gas and chemical, respectively, and a net charge of \$16 million in natural gas transmission. Divisional earnings in 1992 benefited by \$24 million from net credits allocated. This included credits of \$26 million and \$38 million in oil and gas and chemical, respectively, and a net charge of \$40 million in natural gas transmission.

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

DIVISIONAL OPERATIONS

In millions

For the years ended December 31,	Sales			Earnings (Loss)		
	1994	1993	1992	1994	1993	1992
Oil and gas	\$ 2,451	\$ 1,702	\$ 1,822	\$ 27	\$ 278	\$ 235
Natural gas transmission	2,110	2,378	2,491	276	426	490
Chemical	4,677	4,042	4,198	350	173	99
Other	(2)	(6)	(17)	--	--	--
	=====	=====	=====	-----	-----	-----
	\$ 9,236	\$ 8,116	\$ 8,494	653	877	824
Unallocated corporate items						
Interest expense, net				(564)	(554)	(618)
Income taxes				(110)	(186)	(142)
Other				(15)	(63)	62
				-----	-----	-----
Income (loss) from continuing operations				(36)	74	126
Discontinued operations, net				--	221	(622)
Extraordinary gain (loss), net				--	(12)	(2)
Cumulative effect of changes in accounting principles, net				--	--	(93)
				-----	-----	-----
Net income (loss)				\$ (36)	\$ 283	\$ (591)
				=====	=====	=====

- - OIL AND GAS Occidental emphasizes international operations through exploration for and production of oil and gas and through enhanced oil recovery projects to improve long-term cash flow and profitability. Occidental expects to increase domestic reserves and production above current levels through a targeted exploration program, producing property acquisitions that fit its infrastructure, such as the recent acquisitions of interests in certain U.S. Gulf Coast oil and gas properties from Agip Petroleum Co. Inc. (Agip)

and of Placid Oil Company (Placid), and through improved field production efficiencies. Also, Occidental continues to dispose of nonstrategic assets.

The operating results of 1994, compared with 1993, reflected lower worldwide crude oil prices and domestic natural gas prices and higher exploration costs, partially offset by higher international crude oil and domestic natural gas volumes. The change in sales for 1994, compared with 1993, largely reflected increased oil trading activity. The 1993 operating results, compared with 1992, reflected lower worldwide crude oil prices and lower domestic crude oil and natural gas volumes, partially offset by higher domestic natural gas prices and increased international crude oil volumes from new oil production projects.

The 1994 results reflected charges of \$45 million for environmental and litigation matters, \$11 million for the impairment of oil and gas properties and \$12 million for a voluntary retirement program and severance and related costs. Also included in the 1994 results was the gain of \$16 million from the sale of Occidental's remaining interests in its producing operations in Argentina and a \$15 million benefit resulting from the reversal of reserves no longer needed for anticipated liabilities related to the sale of Occidental's U.K. North Sea interests. The 1993 results included a benefit of \$85 million, net of a federal tax charge of \$45 million, resulting from the reversal of foreign tax reserves following the settlement of tax matters with foreign jurisdictions relating to the disposition of certain international oil and gas assets in 1991. The 1993 results also included a gain of \$30 million on the sale of Occidental's equity interest in Trident NGL, Inc. (Trident), \$25 million from a windfall profit tax refund and \$5 million from a favorable litigation settlement, partially offset by a \$24 million charge for environmental remediation and litigation matters. The 1992 results included a gain of \$75 million from the receipt of a contingent payment in connection with the 1985 sale of a subsidiary that owned one half of Occidental's Colombian operations and a benefit of \$35 million from a favorable litigation settlement, partially offset by a \$32 million net charge for environmental remediation costs and a charge of \$26 million to adjust the carrying value of certain domestic producing properties.

- - NATURAL GAS TRANSMISSION In 1994, MidCon Corp.'s (MidCon) regulated and nonregulated companies introduced new services in response to changes in the natural gas market. Total throughput volume (excluding affiliates) decreased approximately 8 percent to 2.08 trillion cubic feet (Tcf) in 1994, compared with 2.27 Tcf in 1993. Transportation volumes decreased slightly, while sales volumes decreased approximately 17 percent. The FERC Order 636 had the effect of essentially eliminating gas sales by Natural Gas Pipeline Company of America (Natural) after December 1, 1993. Overall revenues for 1994 were lower than 1993 due to lower sales volumes at Natural; however, significant volumes of gas were sold by the nonregulated subsidiary of MidCon. Operating earnings declined in 1994, compared with 1993, reflecting changes in rates charged by Natural following the implementation of Order 636 and the settlement of a concurrent rate case. The lower sales volumes at Natural did not result in an earnings decline since regulatory procedures implementing Order 636 permitted margins from former sales service to be reallocated to transportation and gas storage services. Additionally, earnings were lower in 1994, compared with 1993, resulting from lower reversals of financial reserves for disadvantageous gas purchase contracts, partially offset by lower depreciation expense in 1994.

The 1993 sales and operating revenues, compared with 1992, reflected lower sales volumes primarily caused by changes in FERC regulations, including the implementation of Order 636 on December 1, 1993. However, natural gas transmission results, before the benefit of reductions of the contract impairment reserve and other nonrecurring items, were approximately the same in 1993 and 1992 as a result of higher transportation margins and lower operating costs. Total throughput volume (excluding affiliates) decreased approximately 4 percent to 2.27 Tcf in 1993, compared with 2.37 Tcf in 1992. Transportation volumes remained approximately the same, while sales volumes decreased approximately 13 percent.

The 1994 results included the benefit of \$13 million from a reduction of LIFO gas storage inventory and the net benefit of \$12 million from the reduction of the contract impairment reserve. The 1993 results included a net benefit of \$154 million from the reduction of the contract impairment reserve and an \$8 million reversal of a tax-related reserve no longer required. The 1992 results reflected a net benefit of \$209 million resulting from the reduction of the contract impairment reserve. The reduction of the contract impairment reserve in each year resulted from a decrease in the net exposure under disadvantageous gas purchase contracts, the elimination of certain potential claims, the successful resolution of litigation, settlements or other changes in the expected outcome of matters covered by the reserve. Also included in 1992 was a \$29 million reversal of a tax reserve, partially offset by a charge of \$15 million for costs related to a reorganization of the division's operations.

- - CHEMICAL OxyChem's ongoing commitment to controlling costs and maintaining the reliable operations of its manufacturing facilities continues to make important contributions to earnings. Higher margins resulting from an improved supply-and-demand balance significantly benefited earnings in the latter part of 1994 and are expected to continue to do so into 1995, as price increases announced in 1994 take full effect.

Operating earnings in 1994 improved significantly, compared with 1993, as prices and margins increased for a number of OxyChem's key products, primarily PVC, chlorine and petrochemicals. Although caustic soda market prices rose sharply in the second half of 1994, much of the impact will be seen in 1995 since OxyChem sells caustic soda mainly

under term contracts which will delay much of the impact until early 1995. Additionally, the 1994 results benefited from ongoing efforts to manage costs and improve productivity and from lower depreciation expense. The higher operating earnings in 1993, compared with 1992, reflected lower manufacturing and administrative costs and improved volumes. However, margins for most products were lower as a result of competitive pricing.

The 1994 results also reflected a \$55 million charge for litigation matters and charges of \$48 million for expenses related to the curtailment and closure of certain plant operations. Included in the 1994 results was an \$11 million unfavorable impact related to an explosion at the Taft plant and charges for start-up costs related to the Swift Creek chemical plant. The 1993 results included a \$16 million benefit resulting from the reversal of a plant closure reserve no longer required. The 1992 results included a charge of \$7 million related to a fire at a chemical plant.

- - CORPORATE Corporate administration and other income and expense items in 1994 included a net benefit of \$7 million resulting from the reversal of reserves no longer required and the adoption of SFAS No. 112--"Employers' Accounting for Postemployment Benefits" and also reflected higher equity earnings, primarily from unconsolidated chemical investments.

The 1993 amount included a onetime noncash charge of \$55 million to adjust net deferred tax liabilities following the enactment of tax legislation in August 1993, partially offset by \$13 million of interest income related to the windfall profit tax refund discussed above.

Included in the 1992 amount was a gain of \$128 million resulting from a sale of 12 million shares of Occidental's holdings in Canadian Occidental Petroleum Ltd. (CanadianOxy). Also included was a \$10 million charge related to a cost reduction program announced in November 1992.

DISCONTINUED OPERATIONS In July 1993, Occidental sold Island Creek Coal, Inc. to CONSOL Inc. Following the closing of the sale, Occidental re-evaluated the adequacy of the reserves recorded in the fourth quarter of 1992 related to the decision to exit the coal business and reversed certain reserves no longer deemed necessary. After recognizing the effect of the sale and the reversal of reserves, an after-tax benefit of \$221 million was included in discontinued operations. The net loss in 1992 from discontinued operations included the after-tax charge of \$600 million related to the decision to exit the coal business and a net loss from the coal operations of \$22 million for the year.

ACCOUNTING CHANGES Beginning in 1994, Occidental revised the estimated average useful lives used to compute depreciation for most of its chemical machinery and equipment from 20 years to 25 years and for most of its natural gas transmission property to a remaining life of 40 years. These revisions were made to more properly reflect the current economic lives of the assets based on anticipated industry conditions. The result was a reduction in net loss for the year ended December 31, 1994 of approximately \$65 million, or approximately \$.21 per share. Natural gas transmission and chemical divisional earnings benefited by approximately \$31 million and \$34 million, respectively.

In December 1992, the Financial Accounting Standards Board issued SFAS No. 112--"Employers' Accounting for Postemployment Benefits," which substantially changed the existing method of accounting for employer benefits provided to inactive or former employees after active employment but before retirement. The statement requires that the cost of postemployment benefits (principally medical benefits for inactive employees) be recognized in the financial statements during employees' active working careers. Occidental's adoption of SFAS No. 112, effective January 1, 1994, did not have a material impact on Occidental's financial position or results of operations.

Occidental changed its method of accounting for postretirement benefits other than pensions by adopting SFAS No. 106--"Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1992. This statement substantially changed the method of accounting for postretirement benefits by requiring that the cost of these benefits, which are primarily health care related, be recognized in the financial statements during the employees' active working careers, rather than the previously permitted practice of accounting for such costs as claims were paid. The adoption of SFAS No. 106 resulted in an after-tax charge against 1992 earnings of \$529 million, including \$513 million which was charged to the 1992 first quarter earnings for the cumulative effect of this accounting change and a charge of \$16 million for the ongoing effect included in 1992 earnings.

Occidental also adopted, effective January 1, 1992, SFAS No. 109--"Accounting for Income Taxes," which requires an asset and liability approach in accounting for income taxes. Under this method, deferred income taxes are recognized, at enacted rates, to reflect the future effects of tax carryforwards and temporary differences arising between the tax bases of assets and liabilities and their financial reporting amounts at each year-end. SFAS No. 109 required the restatement of assets and liabilities related to purchased businesses to eliminate the previously used net-of-tax accounting for such assets and liabilities, resulting in higher carrying values and therefore in higher operating charges for depreciation, depletion and amortization but lower tax expense. This statement also eliminated the concept of the utilization of net operating loss carryforwards for accounting purposes, which were previously reported as extraordinary items, by requiring the immediate recognition of losses in the year incurred, subject to realization. The adoption of SFAS No. 109 resulted in a net benefit to 1992 earnings of \$285 million, including a \$420 million benefit to 1992 first quarter earnings for the cumulative effect of this accounting change and a

charge of \$135 million attributable to and included in 1992 earnings.

The special items included in the 1994, 1993 and 1992 results are detailed below. For further information, see Note 15 to the Consolidated Financial Statements and the discussion above.

SPECIAL ITEMS

In millions

Benefit (Charge)	1994	1993	1992
OIL AND GAS			
Gain on sale of producing interests in Argentina	\$ 16	\$ --	\$ --
U.K. North Sea reserve reversal	15	--	--
Environmental and litigation	(45)	(24)	(32)
Severance and voluntary retirement program	(12)	--	--
Asset impairment	(11)	--	(26)
Foreign tax reserve reversal(a)	--	85	--
Gain on sale of equity interest in Trident	--	30	--
Windfall profit tax refund	--	25	--
Litigation settlement	--	5	35
Receipt of Colombian contingent payment	--	--	75
	-----	-----	-----
NATURAL GAS TRANSMISSION			
Contract impairment reserve reversal(a)	12	154	209
Reduction of LIFO inventory	13	--	--
Tax reserve reversal	--	8	29
Reorganization	--	--	(15)
	-----	-----	-----
CHEMICAL			
Litigation reserves	(55)	--	--
Curtailment of operations and plant closure	(48)	--	--
Plant explosion and start-up costs	(11)	--	--
Plant closure reserve reversal	--	16	--
EFW fire	--	--	(7)
	-----	-----	-----
CORPORATE			
Reversal of reserves and adoption of SFAS No. 112	7	--	--
1993 federal tax rate change	--	(55)	--
Interest portion of windfall profit tax refund	--	13	--
Gain on sale of Canadian Oxy shares	--	--	128
Severance	--	--	(10)
Discontinued operations(a)	--	221	(622)
Extraordinary items(a)	--	(12)	(2)
Cumulative effect of accounting changes(a)	--	--	(93)
	-----	-----	-----

(a) These amounts are shown after-tax.

CONSOLIDATED OPERATIONS--REVENUES Net sales and operating revenues were \$9.2 billion in 1994, \$8.1 billion in 1993 and \$8.5 billion in 1992. The increase in sales in 1994, compared with 1993, primarily reflected the impact of improved prices in PVC, chlorine and petrochemicals businesses and increased oil trading activity. The decrease in sales in 1993, compared with 1992, primarily reflected lower sales prices for most major chemical products, lower worldwide crude oil prices and lower domestic crude oil and natural gas sales volumes. These decreases were partially offset by higher domestic natural gas prices, increased international crude oil volumes and improved chemical volumes.

Interest, dividends and other income totaled \$92 million, \$347 million and \$446 million in 1994, 1993 and 1992, respectively. Included in the 1994 amount was the benefit of \$20 million from a pretax reduction of the contract impairment reserve at MidCon, the Company's natural gas transmission division, and the \$15 million benefit resulting from the reversal of reserves no longer needed for anticipated liabilities related to the sale of Occidental's U.K. North Sea interests. Included in the 1993 amount was the benefit of a \$246 million pretax reduction of the contract impairment reserve at MidCon. Also included in the 1993 results were the \$5 million favorable litigation settlement and the \$25 million windfall profit tax refund, both recorded in the oil and gas division, and \$13 million of interest income related to this windfall profit tax refund.

Included in the 1992 amount was the benefit of a \$318 million pretax reduction of the contract impairment reserve at MidCon. Also included in the 1992 results was the \$35 million favorable litigation settlement in the oil and gas division.

Income from equity investments totaled \$73 million in 1994, \$27 million in 1993 and \$22 million in 1992. The increase in 1994, compared with 1993 and 1992, primarily reflected higher earnings from certain unconsolidated chemical investments and CanadianOxy.

CONSOLIDATED OPERATIONS--EXPENSES Cost of sales was \$6.7 billion in 1994, \$6.0 billion in 1993 and \$6.3 billion in 1992. The increase in 1994 from 1993 primarily reflected increased oil trading activity. The decrease in 1993 from 1992 primarily reflected lower manufacturing and administrative costs in the chemical division.

Selling, general and administrative and other operating expenses were \$984 million in 1994, \$763 million in 1993 and \$837 million in 1992. The increase in 1994, compared with 1993, essentially reflected higher other operating expenses of \$200 million and lower foreign exchange gains of \$15 million. The higher other operating expenses included \$96 million of litigation expense provisions, \$48 million for expenses related to curtailment and closure of certain chemical plant operations, and higher other reserves. The decrease in 1993 from 1992 primarily reflected the benefits of Occidental's ongoing cost reduction efforts as well as charges in 1992 for reorganization and severance costs.

Depreciation, depletion and amortization of assets was \$882 million in 1994, \$892 million in 1993 and \$872 million in 1992. The decrease in 1994 from 1993 reflected lower depreciation expense as a result of the change in estimated average useful lives of certain chemical and natural gas transmission property, as described above, partially offset by depreciation and depletion expense associated with two major oil and gas projects completed and placed in service in mid-1993.

Environmental remediation charges were \$4 million in 1994, \$18 million in 1993 and \$42 million in 1992. Further information regarding these charges is provided below in the Environmental Matters section of this discussion.

Interest and debt expense was \$584 million in 1994, \$580 million in 1993 and \$640 million in 1992. The decrease in 1993 from 1992 primarily reflected lower overall effective interest rates and lower outstanding average debt levels in 1993.

The provision for domestic and foreign income and other taxes was \$143 million in 1994 and in 1993 and \$195 million in 1992. The 1994 amount compared with 1993 reflected lower domestic taxes and increased foreign taxes resulting from relatively more income subject to tax in various foreign jurisdictions, and the absence in 1994 of two special items in 1993, as discussed below. In 1994, income taxes exceeded pretax income primarily because of substantial amounts of foreign income that was taxed individually in separate jurisdictions, before the benefit of a U.S. tax deduction for interest and corporate expenses. The decrease in 1993 from 1992 primarily reflected the \$85 million reversal of foreign tax reserves, partially offset by the \$55 million charge to adjust net deferred tax liabilities, as described above.

LIQUIDITY AND CAPITAL RESOURCES Net cash provided by operating activities was \$760 million in 1994, \$608 million in 1993 and \$550 million in 1992. These amounts included net cash used in operating activities of discontinued operations of \$15 million in 1994, \$38 million in 1993 and net cash provided of \$14 million in 1992. The 1994 improvement reflected improved operating earnings primarily in the chemical division. The 1993 improvement, compared with 1992, reflected changes in working capital, including proceeds of \$100 million from a fourth quarter sale of an undivided percentage ownership interest in a designated pool of domestic trade receivables.

Cash provided by operating activities in 1993 and 1992 was adversely affected by the unfavorable economic environment, resulting in lower sales prices and margins, particularly in chemical operations. Included in the 1992 amount were proceeds of \$400 million from a sale of domestic trade receivables. Additionally, the 1992 amount included \$35 million from the favorable litigation settlement in the oil and gas division.

The 1994 noncash charges of \$102 million primarily reflected the charges of \$100 million for environmental and litigation matters and \$48 million for expenses related to the curtailment and closure of certain chemical plant operations, partially offset by \$22 million resulting from the reversal of reserves no longer needed and \$20 million from the reduction of the contract impairment reserve. The 1993 and 1992 noncash credits primarily reflected the reductions of the contract impairment reserve, discussed above. Each of the three years also included charges for employee benefit plans, income from equity investments and other items.

Net cash used in investing activities was \$1.0 billion in 1994, compared with net cash used of approximately \$876 million and \$361 million in 1993 and 1992, respectively. These amounts included net cash provided by investing activities of discontinued operations of \$2 million in 1993 and net cash used of \$14 million in 1992.

Capital expenditures for continuing operations totaled approximately \$1.1 billion in 1994 and 1993, compared with \$860 million in 1992. The 1994 amount included \$818 million for oil and gas, \$190 million for chemical and \$93 million for natural gas transmission. The 1993 amount included \$848 million for oil and gas, \$166 million for chemical and \$65 million for natural gas transmission. The 1994 capital expenditures reflected the cash portion of the purchase price of certain U.S. Gulf Coast oil and gas properties acquired from Agip and payments under a production sharing agreement for an enhanced oil recovery project in Qatar. The increase in 1993 from 1992 reflected substantially higher spending during 1993 in international oil and gas, in particular for the purchase of a royalty interest in the Congo and for the development of oil discoveries in Yemen and Ecuador.

The 1994 purchase of businesses reflected cash balances obtained as a result of the acquisition of Placid, which was consummated through the issuance of Occidental common and preferred stock, as described below. The 1992 purchase of businesses

reflected the purchase of chemical operations that complemented Occidental's chemical business.

The 1993 proceeds from the sale of businesses and disposals of property, plant and equipment included the sale of Occidental's equity interest in Trident for approximately \$121 million and the disposition of the coal business and other assets. The 1992 proceeds from the sale of businesses and disposals of property, plant and equipment included the sale of the Canadian Oxy shares, the receipt of a contingent payment related to the 1985 sale of the subsidiary that owned one half of Occidental's Colombian operations and the sale of the natural gas transmission division's Iowa pipeline.

Net cash payments on disadvantageous or "impaired" gas purchase contracts and related recoveries resulted mainly from changes by the FERC in regulation of interstate pipelines, including Natural. Order 636 essentially eliminated interstate pipeline sales altogether in 1993. See 1995 Business Outlook--Natural Gas Transmission Industry for a further discussion of the impaired gas purchase contracts and the impact of changes in FERC regulations.

In 1994 and 1993, impaired contract net payments totaled \$1 million and \$12 million, respectively. In 1992, recoveries, net of payments, totaled \$116 million in relation to the impaired natural gas purchase and sales contracts of MidCon's interstate and intrastate pipeline subsidiaries. These payments, together with certain other noncash consideration, were charged principally to the reserve established in connection with the purchase of MidCon.

Financing activities provided cash of \$219 million in 1994, compared with net cash provided of \$340 million in 1993 and net cash used of \$317 million in 1992. The 1994 amount included net cash proceeds of approximately \$557 million from the February public offering of 11,388,340 shares of \$3.00 cumulative CXY-indexed convertible preferred stock. In 1994, proceeds from borrowings, net of repayments of debt, resulted in net cash provided of \$26 million. The 1993 amount included net cash proceeds of \$563 million from the February issuance of 11,500,000 shares of \$3.875 cumulative convertible preferred stock. In 1993, proceeds from lower cost borrowings, net of repayments of higher cost debt, resulted in net cash provided of \$108 million.

Occidental paid preferred and common stock dividends of \$376 million in 1994, \$335 million in 1993 and \$306 million in 1992. The increase in 1994 and 1993 primarily reflected the dividends on the preferred stocks discussed above.

Cash used by investing activities exceeded cash provided by operating activities for the years ended December 31, 1994 and 1993. Occidental funded this net cash use through borrowings and issuance of preferred stock. Occidental believes that, through internally generated funds and financing activity, it will have sufficient funds to continue its current capital spending programs.

Occidental has a centralized cash-management system that funds the working capital and capital expenditure requirements of its various subsidiaries. There are no provisions under existing debt agreements that significantly restrict the ability to move funds among operating entities.

At December 31, 1994 and 1993, cash and cash equivalents and marketable securities were \$129 million and \$157 million, respectively. At December 31, 1994, working capital was \$57 million, compared with negative working capital of \$114 million at December 31, 1993. Occidental had available, at December 31, 1994, \$2.2 billion of committed credit lines and draws on them, as needed, to maintain sufficient cash balances for daily operating and other purposes.

Trade receivables, net, increased to \$831 million at December 31, 1994 from \$539 million at December 31, 1993. The change primarily reflected increased oil trading activity and higher chemical sales in the fourth quarter of 1994, compared with the same period of 1993.

Equity investments increased to \$692 million at December 31, 1994 from \$482 million at December 31, 1993. The change primarily reflected the inclusion of equity investments as a result of the acquisition of Placid.

The net increase in accounts payable and accrued liabilities primarily reflected higher rate refunds due customers in the natural gas transmission division and increased oil trading activity.

Senior funded debt, net of current maturities and unamortized discount, increased to \$5.823 billion at December 31, 1994, from \$5.728 billion at December 31, 1993. The net change reflected proceeds from borrowings that were used in Occidental's operations and capital expenditure program and for other general corporate purposes, partially offset by the application of net proceeds from the preferred stock issuance described above. In addition, the 1994 amount reflected approximately \$31 million of senior funded debt assumed in connection with the acquisition of Placid. Principal payments of senior funded debt in 1994 were \$406 million. At December 31, 1994, minimum principal payments on senior funded debt, including sinking fund requirements, totaled \$48 million in 1996, \$323 million in 1997, \$641 million in 1998, \$1.427 billion in 1999, \$353 million in 2000 and \$3.194 billion thereafter. However, Occidental has the option to call certain issues of senior funded debt prior to their maturity dates.

Deferred and other income taxes increased to \$2.565 billion at December 31, 1994, from \$2.388 billion at December 31, 1993. The increase reflected changes in net deferred taxes as a result of purchase accounting adjustments for the acquisition of Placid and other changes in deferred income taxes, including reclassifications.

Other liabilities decreased to \$2.937 billion at December 31, 1994, from \$2.988 billion at December 31, 1993. The change primarily reflected charges for environmental and litigation matters in the oil and gas and chemical divisions, discussed above, and liabilities assumed as a result of the acquisition of Placid, which were more than offset by payments and reclassifications.

The paid-in capital component of stockholders' equity was \$5.004 billion in 1994, compared with

\$5.212 billion in 1993 and \$5.532 billion in 1992. The decreases in 1994 and 1993 primarily reflected dividends declared, partially offset by the issuance of common stock for the 1994 acquisitions of Placid and the Agip property interests, and the issuance of common stock to various employee benefit plans and the dividend reinvestment plan.

The retained earnings component of stockholders' equity was a deficit of \$1.929 billion in 1994, \$1.883 billion in 1993 and \$2.152 billion in 1992. The changes in 1994 and 1993 primarily reflected net income or loss, as applicable.

On December 29, 1994, Occidental acquired Placid for an aggregate purchase price of approximately \$250 million through the issuance of 3,606,484 shares of \$3.875 cumulative convertible voting preferred stock, with a value of \$175 million, and the balance through the issuance of 3,835,941 shares of Occidental common stock.

Placid has oil and gas exploration and production properties primarily in the U.S. Gulf Coast and the Netherlands. These properties have proved reserves of approximately 12 million barrels of oil and 242 billion cubic feet of natural gas. Placid also has an approximate 39 percent interest in a major pipeline system in the Dutch sector of the North Sea, which includes 170 miles of main and feeder lines.

The acquisition has been accounted for by the purchase method. Accordingly, the cost of the acquisition was allocated to the assets acquired and liabilities assumed based upon their estimated respective fair values. The allocation of the purchase price will be finalized during 1995 upon completion of the asset valuations and resolution of the preacquisition contingencies, if any. The Placid acquisition will be antidilutive to earnings.

In addition, as previously mentioned, on March 31, 1994, Occidental acquired interests in certain U.S. Gulf Coast oil and gas properties from Agip for a purchase price of \$161 million through the issuance of 5,150,602 shares of Occidental common stock and the balance paid in cash.

Commitments at December 31, 1994 for major capital expenditures during 1995 and thereafter were approximately \$438 million, which included Occidental's oil and gas development commitments in Qatar and Venezuela. Estimated total capital expenditures for 1995 are approximately \$960 million, the majority of which is for oil and gas.

During the third quarter of 1994, Occidental signed an agreement with the government of the state of Qatar to substantially increase oil production and recoverable reserves in the Idd el Shargi North Dome field and provide technical support and services to improve production in all of the country's oil fields. Occidental will invest more than \$700 million in development capital over the 25-year life of the project and will receive a share of the oil production.

On January 31, 1995, the FERC approved a settlement of Natural's rate case. This settlement will result in refunds being made to customers. Approximately \$128 million, relating to this rate overcollection for 1994 and 1993, was provided for in those years but is expected to be refunded during 1995. Consequently, this refund will not have a negative impact on Occidental's results of operations in 1995.

HEDGING ACTIVITIES Occidental periodically uses commodity futures contracts, options and swaps to hedge the impact of oil and natural gas price fluctuations and uses forward exchange contracts to hedge the risk associated with fluctuations in foreign currency exchange rates. Occidental does not engage in activities using highly complex or leveraged instruments. Gains and losses on commodity futures contracts are deferred and recognized in income as an adjustment to sales revenue or purchase costs when the related transaction being hedged is finalized. Gains and losses on foreign currency forward exchange contracts that hedge identifiable future commitments are deferred and recognized when the related item being hedged is settled. All other contracts are recognized in periodic income.

In addition, the oil and gas division engages in oil and gas trading activity through the use of future purchase and sale contracts. The results generally are not significant and are included in periodic income.

Many of Occidental's foreign chemical operations and foreign oil and gas operations are located in Latin America and other developing countries whose currencies generally depreciate against the U.S. dollar on a continuing basis. An effective currency forward market does not exist for these countries; therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. The major foreign currency positions at December 31, 1994 are generally in a net liability position, effectively eliminating the potentially unfavorable effects of devaluation.

Interest rate swaps are entered into as part of Occidental's overall strategy to maintain part of its debt on a floating rate basis. From time to time, Occidental enters into interest rate swaps on specific debt. In November 1993, Occidental entered into interest rate swaps on newly issued fixed-rate debt for notional amounts totaling \$530 million, converting this fixed-rate debt to floating-rate debt. The swap rate difference resulted in approximately \$6 million and \$1 million savings in interest expense for 1994 and 1993, respectively, compared to what interest expense would have been had the debt remained at fixed rates. The impact of the swap on the weighted average interest rates for 1994 and 1993 was not significant. The fair value of interest rate swaps is the amount at which they could be settled, based on estimates obtained from dealers. Based on these estimates at December 31, 1994, Occidental would be required to pay approximately \$54 million to terminate its interest rate swap agreements. Occidental will continue its strategy of maintaining part of its debt on a floating rate basis and therefore intends to hold these agreements to maturity.

TAXES At December 31, 1994, Occidental had recorded net deferred tax liabilities aggregating approximately \$2.3 billion, which is net of deferred tax assets of approximately \$2.0 billion. The current portion of the deferred tax assets of \$285 million is included in prepaid expenses and other. The net deferred tax assets are expected to be realized against future reversals of existing taxable temporary differences.

LAWSUITS, COMMITMENTS AND CONTINGENCIES Occidental and certain of its subsidiaries are parties to various lawsuits, environmental and other proceedings and claims that involve substantial amounts. See Note 8 to the Consolidated Financial Statements. Occidental also has commitments under contracts, guarantees and joint ventures and certain other contingent liabilities. See Note 9 to the Consolidated Financial Statements. In management's opinion, after taking into account reserves, none of these matters should have a material adverse effect upon the consolidated financial position of Occidental, although the resolution in any reporting period of one or more of these matters could have a material impact on Occidental's results of operations for that period.

ENVIRONMENTAL MATTERS Occidental's operations in the United States are subject to increasingly 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 and strive to be compatible with the objectives of U.S. environmental laws. Costs associated with environmental compliance have increased over time and are expected to continue to rise in the future. Environmental expenditures, related to current operations, are factored into the overall business planning process. These expenditures are considered less of an incremental cost but are treated more as an integral part of production in manufacturing quality products responsive to market demand.

The laws which require or address remediation 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. Also, Occidental and certain of its subsidiaries have been involved in a substantial number of governmental and private proceedings involving historical practices at various sites, including in some instances, having been named as defendants and/or as potentially responsible parties (PRPs) under the federal Superfund law. These proceedings seek funding and/or remediation and, in some cases, compensation for alleged personal injury or property damage, punitive damages and civil penalties, aggregating substantial amounts.

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 as a relevant measure of exposure. Although the liability of a PRP or, in many cases, its equivalent under state law is 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. Also, many of these sites are still under investigation by the Environmental Protection Agency (EPA) or the state agencies. Prior to actual cleanup, the parties involved assess site conditions and responsibility and determine the appropriate remedy. The majority of remediation costs are incurred after the parties obtain EPA or equivalent state agency approval to proceed. The ultimate future cost of remediation of certain of the sites for which Occidental has been notified that it has been identified as involved is not known.

As of December 31, 1994, Occidental had been notified by the EPA or equivalent state agencies or otherwise had become aware that it had been identified as being involved at 278 Superfund or comparable state sites. (This number does not include 45 sites where Occidental has been successful in resolving its involvement.) The 278 sites include 76 former Diamond Shamrock Chemical sites as to which Maxus Energy Corporation has retained all liability, and two sites at which the extent of such retained liability is disputed. Of the remaining 200 sites, Occidental has had no communication or activity with government agencies or other PRPs in three years at 28 sites, and has denied or has yet to determine involvement in 54 sites. With respect to the remaining 118 of these sites, Occidental is in various stages of evaluation. For 69 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. 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 49 of these sites, 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 in the Lawsuits, Commitments and Contingencies section. For management's opinion on lawsuits and proceedings and on other environmental loss contingencies, see the Lawsuits, Commitments and Contingencies section. For further discussion of one separately disclosed site, see Note 8 to the Consolidated Financial Statements.

Occidental provided additional reserves of approximately \$4 million in 1994, \$18 million in 1993 and \$42 million in 1992 for costs associated with expected remediation efforts at a number of sites. The 1994 amount related entirely to the oil and gas division. The 1993 amount included a \$17 million provision in the oil and gas division and a \$1 million provision in the chemical division. The 1992 amount related

entirely to the oil and gas division. As of December 31, 1994 and 1993, Occidental had environmental reserves of approximately \$635 million and \$742 million, respectively.

Occidental's estimated operating expenses in 1994 relating to compliance with environmental laws and regulations governing ongoing operations were approximately \$114 million, compared with \$110 million in 1993 and \$117 million in 1992. The 1994 amount included \$74 million in the chemical division, \$34 million in the oil and gas division and \$6 million in the natural gas transmission division. In addition, estimated capital expenditures for environmental compliance were \$67 million in 1994, compared with \$83 million in 1993 and \$80 million in 1992. The 1994 amount included \$42 million in the oil and gas division, \$24 million in the chemical division and \$1 million in the natural gas transmission division. Divisional operating and capital expenditures for environmental compliance are expected to increase in the future.

FOREIGN INVESTMENTS Portions of Occidental's oil and gas assets are located in countries outside North America, some of which may be considered politically and economically unstable. These assets and the related operations are subject to the risk of actions by governmental authorities and insurgent groups. Occidental attempts to conduct its financial affairs so as to protect against such risks and would expect to receive compensation in the event of nationalization. At December 31, 1994, the carrying value of Occidental's oil and gas assets in countries outside North America aggregated approximately \$1.942 billion, or approximately 11 percent of Occidental's total assets at that date. Of such assets, approximately \$527 million was located in the Middle East, \$506 million was located in Latin America, and substantially all of the remainder were located in the Netherlands, West Africa, Russia and Pakistan.

1995 BUSINESS OUTLOOK

- - **OIL AND NATURAL GAS INDUSTRY** The interplay between global politics, world oil supply and demand and the pace of economic growth worldwide will remain the key factor in determining future crude oil prices. The NYMEX crude oil futures market has emerged as a powerful influence on price as traders react instantaneously to their perception of changing market fundamentals and news about global political events. Oil and gas prices are sensitive to these and other complex factors, most of 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.

With oil consumption continuing to rise steadily everywhere except in the former Soviet Union, capacity must be developed to meet demand over the longer term. At an indeterminate point, Iraqi production will return to the world market. Some capacity will be developed in non-OPEC countries through successful exploration and improved recovery techniques, but coupled with the natural decline of existing sources, the supply from non-OPEC countries will probably remain flat over the near term. At present, only the Gulf OPEC countries have producing capacity to make up any serious shortages of supplies. Over the longer term, capacity expansion will occur mainly in the OPEC countries, principally the Middle East and Venezuela. The former Soviet Union is an opportunity for future capacity growth, but present political conditions will have to change considerably to attract and retain Western capital and technology. In response to the need for new producing capacity, Occidental will continue its active program of exploration. In addition, Occidental expects to continue to pursue opportunities to undertake enhanced oil recovery projects in underdeveloped fields around the world.

The sector of the oil and gas industry that has attracted the most attention recently is natural gas. Natural gas consumption in the United States increased for the eighth consecutive year in 1994 to over 21 Tcf. This is the highest level since 1974. The outlook for continued increases in natural gas demand remains positive because it is a clean burning, relatively abundant fuel, making it very attractive in this "age of environment." It has long been used for residential heating and burned under industrial and utility boilers. Efforts are being made to adapt it as a transport fuel.

The United States has large potential reserves of natural gas. With increased demand, companies have resumed exploration in natural gas-prone areas, and drilling activity increased during 1994.

In the past, structural problems, such as government price controls, production and consumption regulations and cumbersome contract problems, impeded the gas industry's ability to respond to rapidly changing competitive conditions and price changes.

However, the industry recently has made changes to resolve these problems. Supply contract problems have been resolved. The industry is aggressively pursuing its existing markets and expanding into new ones. Government regulations have been reduced and/or eliminated. Also, natural gas pricing has become much more responsive to market changes.

An anticipated increase in economic activity in 1995 will in turn translate into an increased need for energy, including natural gas. However, despite the outlook for increasing demand for the longer term, a sharp rise in U.S. and Canadian drilling in 1993 and 1994 has resulted in excessive gas supply relative to demand and a corresponding decline in gas prices since mid-1994. Gas storage reached a record-high level as the 1994-95 winter heating season commenced, and a very mild winter lowered gas demand relative to the previous winter, exerting additional downward pressure on gas prices.

- - **NATURAL GAS TRANSMISSION INDUSTRY** Increased gas consumption stimulated by economic growth and lower gas prices is expected to have a favorable impact on the gas transmission industry by generating new investment opportunities for gas pipelines. Demand growth is generally projected for eastern gas

markets, and MidCon's pipelines and storage assets are strategically located to play a role in serving those markets by moving gas from western, mid-continent and Canadian supply areas.

Implementation of Order 636 has further increased competition in the interstate natural gas industry, including competition for services in Natural's markets, resulting in utility customers reevaluating gas supply and transportation strategies. Under Order 636, interstate gas pipelines like Natural no longer sell gas but continue to provide transportation and storage services. Virtually all the throughput capacity on Natural's interstate system has been sold out under firm service contracts for this heating season.

Utility customers are expected to continue to reevaluate pipeline services as part of their overall review of gas acquisition policies. This review process is expected to further increase the level of competition for transportation and related storage services. As utility customers seek more customized services, they create additional business opportunities. For example, customized services for peak demand delivery of gas are increasingly important and MidCon's nonregulated marketing unit, MidCon Gas Services Corp. (MidCon Gas), is one of the industry's largest managers of unregulated storage services to support peak demand requirements.

In 1994, MidCon Gas was successful in marketing a rebundled sales service to several of Natural's former sales customers covering 800 million cubic feet (Mmcf) of gas per day of their "no-notice" service. MidCon Gas manages storage and transportation rights for these customers and secures gas supply to provide them with "no-notice" rebundled sales service. The expertise of MidCon Gas in storage management was instrumental in securing this business. For the 1994-95 heating season, MidCon Gas managed approximately 70 billion cubic feet (Bcf) of storage gas in providing winter peaking and storage services.

In the future, gas utility customers are expected to require even more customized services and will seek to increase utilization of their own storage assets. MidCon Gas expects that there will be a growing market for gas portfolio management services and that its experience in managing storage will be beneficial in securing increased business.

Under Order 636, pipelines are utilizing a straight fixed variable rate design under which revenues are collected more evenly throughout the year than had been the case prior to 1994, resulting in lower seasonal fluctuations in pipeline quarterly revenue and income.

On January 31, 1995, the FERC approved a settlement of the rate case under which Natural has been operating for the past 18 months. This settlement calls for Natural to file a new rate case in mid-1995, to be effective December 1, 1995. Natural's existing transportation and storage service agreements with its major Midwestern utility customers terminate on that date. A portion of business with those customers is expected to be moved to other pipelines as customers further diversify their supply portfolios. Natural is presently renegotiating expiring contracts with current customers. Although a portion of business may move to other pipelines, Natural expects to add new customers.

The new rate case will include services and pricing responsive to customer requirements. Natural is working with customers to establish a more flexible approach to providing customized services to enhance system utilization and increase revenue.

An "open access" program for interstate pipelines was promulgated by the FERC in 1986. Traditional customers could purchase directly from producers and other marketers; however, the pipelines were not released from purchase obligations under long-term supply contracts with producers. Claims under these contracts were resolved and MidCon's interstate subsidiary, Natural, was allowed by the FERC to recover 50 percent of its settlement costs, plus interest, from its customers.

However, a number of these long-term contracts continue to be in effect and their disadvantageous terms will result in additional costs to be recovered either from customers under procedures established as a result of Order 636 or charged to the reserve created upon the acquisition of MidCon. See the Lawsuits, Commitments and Contingencies section above for further discussion.

Order 636 essentially eliminated interstate pipeline gas supply sales altogether. When Natural discontinued merchant service on December 1, 1993, it no longer needed gas supplies to meet sales requirements. Natural has eliminated most of its gas supply contracts through termination or buyout. Of the contracts that remain, Natural's obligations are being resolved in a number of ways in order to minimize gas supply realignment (GSR) costs.

Natural has reached settlements with its former sales customers providing for recovery of a significant amount of its GSR costs. These settlements, which have been approved by the FERC, provide for recoveries over a four-year period that commenced in December 1993. The FERC has also permitted Natural to implement, subject to possible refund, a tariff mechanism to recover additional portions of its GSR costs in rates charged to transportation customers that were not party to the settlements.

- - CHEMICAL INDUSTRY

BASIC CHEMICALS Chlorine and caustic soda are co-products that are produced in roughly equal proportions known as electrochemical units (ECU). In 1994, demand for chlorine and chlorine-related derivatives continued to be strong. For caustic soda, improved demand from the pulp and paper and export aluminum industries, combined with general economic improvement, allowed for improvement in margins and provided higher combined margins on an ECU basis.

Markets that offer the strongest outlet for chlorine production include ethylene dichloride (EDC), vinyl chloride monomer (VCM), and PVC. EDC is a precursor to VCM which, in turn, is used in the manufacture of PVC. Although worldwide EDC pricing declined somewhat in 1994, chlorine and VCM prices

increased. Strong demand is expected to continue in 1995 for chlorine, EDC, VCM and PVC.

Strong caustic soda demand should continue in 1995. Pricing will be substantially higher entering into 1995 as the full impact of price increases announced in 1994 take effect.

Due to strong demand, the chlorine and caustic soda industry operated essentially at capacity in 1994. OxyChem expects to see little change in operating rates in 1995.

Chlorine markets will continue to experience pressure from various environmental groups and regulatory authorities seeking alternatives to, or substitutes for, compounds containing chlorine. While demand in fact has fallen in some market segments, such as pulp and paper, demand from the PVC industry has more than offset those reductions. Occidental believes that the overall market for chlorine will remain strong led by PVC demand.

The potassium hydroxide market, which includes end uses in the production of soaps, liquid fertilizers and television tubes, is expected to continue to grow at a rate of 3 to 4 percent in 1995.

PETROCHEMICALS The primary petrochemicals, such as ethylene, are precursors to a wide variety of consumer and industrial products. This relationship and the fact that petrochemicals account for more than 20 percent of all chemicals in world trade make the domestic industry highly vulnerable to fluctuations in worldwide economic conditions. Success for the petrochemical industry in the late 1980s led to a series of capacity expansions resulting in excess capacity and depressed margins through 1993. In 1994, however, while industry ethylene capacity increased approximately 1.3 billion pounds (2.7 percent), demand grew by 6 percent. The overall result was that industry operating rates improved from 90 to 93 percent, compared with 1993. Planned maintenance and unplanned outages in the industry resulted in temporarily reduced capacity, which made actual operating rates higher. Although lagging behind the U.S. economic recovery, the current expansion of the economies in Western Europe and the Far East is resulting in increased petrochemical demand and improving utilization rates on a global basis as well as in the United States.

In 1995, both demand and capacity are expected to grow in the 5 to 6 percent range with projected operating rates similar to those in 1994. OxyChem is able to operate its ethylene plants at full capacity because it consumes all the ethylene it produces, mainly for the manufacture of ethylene oxide and ethylene glycol (used in antifreeze, polyester fibers, plastic bottles and detergents), EDC and VCM.

Higher demand also resulted in higher prices for the major co-products of ethylene--propylene, benzene and butadiene--as demand for their end uses--styrene, phenol, polypropylene and acrylonitrile--increased in 1994. This trend is expected to continue in 1995, allowing these co-products to contribute to the enhancement of ethylene margins.

U.S. ethylene glycol demand increased approximately 10 percent in 1994, relieving an excess capacity situation and allowing for some improvement in margins.

POLYMERS & PLASTICS The demand for PVC, which is tied closely to residential and commercial construction and automobile manufacturing, increased by 9 percent in 1994. In addition to an improving domestic picture, worldwide growth in demand for PVC resins is expected to continue. While this growth has been fueled by advancements in less developed areas of the world, OxyChem expects to see improvements in both Europe and Japan as their economies recover from recession. Export demand is an important factor in the U.S. PVC industry. Over the past decade, 10 to 14 percent of annual U.S. production was sold in international markets. This pattern is expected to continue.

Based on the economic outlook for 1995, OxyChem expects continued demand growth will push industry operating rates above the 95 percent level achieved in 1994.

OxyChem's PVC business is well balanced in all the major end-use markets and well supported by a completely integrated feedstock supply. OxyChem has significant market share positions as a supplier in the following markets: PVC pipe, vinyl siding, vinyl wall covering, sheet vinyl flooring, vinyl floor tile, vinyl electrical insulation, PVC window frames and environmental liners.

STOCKHOLDERS AND MARKET DATA

Occidental's common stock was held by approximately 124,000 stockholders of record at year-end 1994, with an estimated 237,000 additional stockholders whose shares were held for them in street name or nominee accounts. The common stock is listed and traded principally on the New York and Pacific stock exchanges and also is listed on various foreign exchanges. The quarterly financial data on pages 61 and 62 sets forth the range of trading prices for the common stock as reported on the New York Stock Exchange's composite tape.

REPORT OF MANAGEMENT

The management of Occidental Petroleum Corporation is responsible for the integrity of the financial data reported by Occidental and its subsidiaries. Fulfilling this responsibility requires the preparation and presentation of consolidated financial statements in accordance with generally accepted accounting principles. Management uses internal accounting controls, corporate-wide policies and procedures and judgment so that such statements reflect fairly the consolidated financial position, results of operations and cash flows of Occidental.

CONSOLIDATED STATEMENTS OF OPERATIONS
In millions, except per-share amounts

Occidental Petroleum Corporation
and Subsidiaries

For the years ended December 31,

1994

1993

1992

REVENUES			
Net sales and operating revenues			
Oil and gas operations	\$ 2,451	\$ 1,702	\$ 1,822
Natural gas transmission operations	2,110	2,378	2,491
Chemical operations	4,677	4,042	4,198
Interdivisional sales elimination and other	(2)	(6)	(17)
	-----	-----	-----
	9,236	8,116	8,494
Interest, dividends and other income	92	347	446
Gains on disposition of assets, net (Note 3)	15	54	215
Income from equity investments (Note 13)	73	27	22
	-----	-----	-----
	9,416	8,544	9,177
COSTS AND OTHER DEDUCTIONS			
Cost of sales	6,726	5,971	6,349
Selling, general and administrative and other operating expenses	984	763	837
Depreciation, depletion and amortization of assets	882	892	872
Environmental remediation charges	4	18	42
Exploration expense	127	102	112
Interest and debt expense, net	584	580	640
Minority interests in net income of subsidiaries and partnerships	2	1	4
	-----	-----	-----
	9,309	8,327	8,856
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES			
Provision for domestic and foreign income and other taxes (Note 10)	107	217	321
	-----	-----	-----
	143	143	195
INCOME (LOSS) FROM CONTINUING OPERATIONS			
Discontinued operations, net (Note 3)	(36)	74	126
Extraordinary gain (loss), net (Note 4)	--	221	(622)
Cumulative effect of changes in accounting principles, net (Note 4)	--	(12)	(2)
	-----	-----	-----
	--	--	(93)
NET INCOME (LOSS)			
	\$ (36)	\$ 283	\$ (591)
	=====	=====	=====
EARNINGS (LOSS) APPLICABLE TO COMMON STOCK			
	\$ (112)	\$ 244	\$ (594)
	=====	=====	=====
EARNINGS PER COMMON SHARE			
Income (loss) from continuing operations	\$ (.36)	\$.12	\$.41
Discontinued operations, net	--	.72	(2.06)
Extraordinary gain (loss), net	--	(.04)	(.01)
Cumulative effect of changes in accounting principles, net	--	--	(.31)
	-----	-----	-----
EARNINGS (LOSS) PER COMMON SHARE (Note 1)	\$ (.36)	\$.80	\$ (1.97)
	=====	=====	=====

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

CONSOLIDATED BALANCE SHEETS
In millions, except share amounts

Assets at December 31,	1994	1993
CURRENT ASSETS		
Cash and cash equivalents (Note 1)	\$ 129	\$ 157
Receivables		
Trade, net of reserves of \$17 in 1994 and \$13 in 1993	831	539
Joint ventures, partnerships and other	134	128
Inventories (Notes 1 and 5)	748	791
Prepaid expenses and other (Note 10)	416	319
	-----	-----
TOTAL CURRENT ASSETS	2,258	1,934
	-----	-----
LONG-TERM RECEIVABLES, NET	131	93
	-----	-----
EQUITY INVESTMENTS (Notes 1 and 13)	692	482
	-----	-----
PROPERTY, PLANT AND EQUIPMENT, AT COST (Notes 1, 3, 6 and 7)		
Oil and gas operations	8,180	7,335
Natural gas transmission operations	8,383	8,364
Chemical operations	6,621	6,530
Corporate and other	202	199
	-----	-----
	23,386	22,428
Accumulated depreciation, depletion and amortization	(8,884)	(8,144)
	-----	-----
	14,502	14,284
	-----	-----
OTHER ASSETS (Note 1)	406	330
	-----	-----
	\$17,989	\$17,123
	=====	=====

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

Occidental Petroleum Corporation
and Subsidiaries

Liabilities and Equity at December 31, -----	1994 -----	1993 -----
CURRENT LIABILITIES		
Current maturities of senior funded debt and capital lease liabilities (Notes 6 and 7)	\$ 69	\$ 32
Notes payable (Note 1)	20	42
Accounts payable	847	870
Accrued liabilities (Note 1)	1,113	906
Dividends payable	99	88
Domestic and foreign income taxes (Note 10)	53	110
	-----	-----
TOTAL CURRENT LIABILITIES	2,201	2,048
	-----	-----
SENIOR FUNDED DEBT, NET OF CURRENT MATURITIES AND UNAMORTIZED DISCOUNT (Note 6)	5,823	5,728
	-----	-----
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes (Note 10)	2,565	2,388
Other (Notes 1, 3, 7 and 12)	2,937	2,988
	-----	-----
	5,502	5,376
	-----	-----
CONTINGENT LIABILITIES AND COMMITMENTS (Notes 6, 7, 8, 9 and 10)		
MINORITY EQUITY IN SUBSIDIARIES AND PARTNERSHIPS (Note 1)	6	13
	-----	-----
NONREDEEMABLE PREFERRED STOCK, COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY (Note 11)		
Nonredeemable preferred stock, \$1.00 par value; authorized 50 million shares; outstanding shares: 1994--26,494,824 and 1993--11,500,000; stated at liquidation value of \$50 per share	1,325	575
Common stock, \$.20 par value; authorized shares: 1994--500 million and 1993--400 million; outstanding shares: 1994--316,852,545 and 1993--305,603,228	63	61
Other stockholders' equity		
Additional paid-in capital	5,004	5,212
Retained earnings (deficit)	(1,929)	(1,883)
Cumulative foreign currency translation adjustments (Note 1)	(6)	(7)
	-----	-----
	4,457	3,958
	-----	-----
	\$17,989	\$17,123
	=====	=====

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

CONSOLIDATED STATEMENTS OF NONREDEEMABLE PREFERRED
STOCK, COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY
In millions

Occidental Petroleum Corporation
and Subsidiaries

	Other Stockholders' Equity				
	Non- redeemable Preferred Stock (Note 11)	Common Stock (Note 11)	Additional Paid-in Capital (Notes 6 and 11)	Retained Earnings (Deficit) (Notes 6 and 11)	Cumulative Foreign Currency Translation Adjustments (Note 1)
BALANCE, DECEMBER 31, 1991	\$ 40	\$ 60	\$ 5,771	\$(1,551)	\$ 20
Net loss	--	--	--	(591)	--
Dividends on common stock	--	--	(302)	--	--
Dividends on preferred stock	--	--	(3)	--	--
Issuance of common stock	--	1	63	--	--
Redemption of preferred stock (Note 11)	(40)	--	--	(1)	--
Pension liability adjustment (Note 12)	--	--	--	(9)	--
Exercises of options and other, net	--	--	3	--	(21)
BALANCE, DECEMBER 31, 1992	--	61	5,532	(2,152)	(1)
Net income	--	--	--	283	--
Dividends on common stock	--	--	(305)	--	--
Dividends on preferred stock	--	--	(38)	--	--
Issuance of common stock	--	--	31	--	--
Issuance of preferred stock (Note 11)	575	--	(12)	--	--
Pension liability adjustment (Note 12)	--	--	--	(14)	--
Exercises of options and other, net	--	--	4	--	(6)
BALANCE, DECEMBER 31, 1993	575	61	5,212	(1,883)	(7)
Net loss	--	--	--	(36)	--
Dividends on common stock	--	--	(311)	--	--
Dividends on preferred stock	--	--	(76)	--	--
Issuance of common stock	--	2	193	--	--
Issuance of preferred stock (Note 11)	750	--	(17)	--	--
Pension liability adjustment (Note 12)	--	--	--	(10)	--
Exercises of options and other, net	--	--	3	--	1
BALANCE, DECEMBER 31, 1994	\$ 1,325	\$ 63	\$ 5,004	\$(1,929)	\$ (6)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
In millions

Occidental Petroleum Corporation
and Subsidiaries

For the years ended December 31,

1994 1993 1992

CASH FLOW FROM OPERATING ACTIVITIES

Income (loss) from continuing operations, after extraordinary gain (loss) and cumulative effect of changes in accounting principles, net	\$ (36)	\$ 62	\$ 31
Adjustments to reconcile income to net cash provided by operating activities:			
Extraordinary (gain) loss, net	--	12	2
Cumulative effect of changes in accounting principles, net	--	--	93
Depreciation, depletion and amortization of assets	882	892	872
Amortization of debt discount and deferred financing costs	15	15	15
Deferred income tax provision	26	58	78
Other noncash charges (credits) to income	102	(314)	(273)
Gains on disposition of assets, net	(15)	(54)	(215)
Exploration expense	127	102	112
Changes in operating assets and liabilities:			
Decrease (increase) in accounts and notes receivable	(240)	193	450
Decrease (increase) in inventories	14	(48)	(27)
Increase in prepaid expenses and other assets	(59)	(51)	(21)
Increase (decrease) in accounts payable and accrued liabilities	156	36	(484)
Increase (decrease) in current domestic and foreign income taxes	16	(63)	39
Other operating, net	(213)	(194)	(136)

	775	646	536
Operating cash flow from discontinued operations	(15)	(38)	14

NET CASH PROVIDED BY OPERATING ACTIVITIES

760 608 550

CASH FLOW FROM INVESTING ACTIVITIES

Capital expenditures	(1,103)	(1,083)	(860)
Purchase of businesses	46	--	(124)
Sale of businesses, net (Note 3)	2	129	313
Proceeds from disposals of property, plant and equipment (Note 3)	8	63	159
Contract impairment recoveries (payments), net (Note 1)	(1)	(12)	116
Equity investments, net	41	20	(31)
Decrease (increase) in marketable securities	--	5	80

	(1,007)	(878)	(347)
Investing cash flow from discontinued operations	--	2	(14)

NET CASH USED BY INVESTING ACTIVITIES

(1,007) (876) (361)

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from senior funded debt	621	806	551
Net proceeds from commercial paper and revolving credit agreements	(160)	424	(286)
Principal payments of senior funded debt and capital lease liabilities	(435)	(1,122)	(313)
Proceeds from issuance of common stock	38	31	64
Proceeds from issuance of preferred stock (Note 11)	557	563	--
Redemption of preferred stock	--	--	(42)
Increase (decrease) in notes payable, current maturities of senior funded debt and capital lease liabilities	(22)	(22)	22
Cash dividends paid	(376)	(335)	(306)
Other financing, net	(4)	(5)	(7)

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES

219 340 (317)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(28) 72 (128)

CASH AND CASH EQUIVALENTS--BEGINNING OF YEAR

157 85 213

CASH AND CASH EQUIVALENTS--END OF YEAR

\$ 129 \$ 157 \$ 85
=====

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of Occidental Petroleum Corporation, all subsidiaries and Occidental's proportionate interests in oil and gas exploration and production ventures (Occidental). All material intercompany accounts and transactions have been eliminated. Investments in less than majority-owned enterprises, including joint-interest pipelines, but excluding oil and gas exploration and production ventures, are accounted for on the equity method (see Note 13).

Certain financial statements, notes and supplementary data for prior years have been changed to conform to the 1994 presentation.

FOREIGN CURRENCY TRANSLATION The functional currency applicable to Occidental's foreign oil and gas operations is the U.S. dollar since cash flows are denominated principally in U.S. dollars. Chemical operations in Latin America use the U.S. dollar as the functional currency because of high inflation rates. The effect of exchange-rate changes on transactions denominated in nonfunctional currencies generated gains of approximately \$14 million in 1994, \$30 million in 1993 and \$50 million in 1992, which were mainly attributable to the highly inflationary economy of Brazil.

CASH AND CASH EQUIVALENTS Cash equivalents consist of highly liquid money-market mutual funds and bank deposits with initial maturities of three months or less. Cash equivalents totaled approximately \$180 million and \$151 million at December 31, 1994 and 1993, respectively. The cash and cash equivalents balance as of December 31, 1994 included \$26 million of restricted cash obtained with the acquisition of Placid Oil Company (Placid).

A cash-management system is utilized to minimize the cash balances required for operations and to invest the surplus cash in liquid short-term money-market instruments and/or to pay down short-term borrowings. This can result in the balance of short-term money-market instruments exceeding cash and cash equivalents.

RECEIVABLES In October 1992, Occidental entered into an agreement to sell, under a revolving sale program, an undivided percentage ownership interest in a designated pool of domestic trade receivables, with limited recourse. Under this program, Occidental has retained the collection responsibility with respect to the receivables sold. An interest in new receivables is sold as collections are made from customers. As of December 31, 1994 and 1993, Occidental had received cash proceeds totaling \$500 million, of which \$100 million was received during the fourth quarter of 1993 and \$400 million was received during the fourth quarter of 1992. Fees and expenses related to the sales of receivables under this program are included in selling, general and administrative and other operating expenses. During the years ended December 31, 1994 and 1993, the cost of this program amounted to approximately 4.8 percent and 3.7 percent, respectively, of the weighted average amount of proceeds received.

INVENTORIES Product and raw material inventories, except certain domestic chemicals, are stated at cost determined on the first-in, first-out (FIFO) and average-cost methods and did not exceed market value. The remaining product and raw material inventories are stated at cost using the last-in, first-out (LIFO) method and also did not exceed market value. Inventories of materials and supplies are valued at cost or less (see Note 5).

LONG-TERM RECEIVABLES Long-term receivables include amounts related to an accounts receivable sale program and expected minimum recoveries from third parties in connection with settlement of certain environmental liabilities.

PROPERTY, PLANT AND EQUIPMENT Property additions and major renewals and improvements are capitalized at cost. Interest costs incurred in connection with major capital expenditures are capitalized and amortized over the lives of the related assets (see Note 15). Depreciation of oil and gas producing properties and phosphate rock properties is determined principally by the unit-of-production method and is based on estimated recoverable reserves. The unit-of-production method of depreciation, based on estimated total productive life, also is used for certain chemical plant and equipment. Depreciation of other plant and equipment, including natural gas transmission facilities, has been provided primarily using the straight-line method (see Note 4).

Oil and gas properties are accounted for using the successful-efforts method. Costs of acquiring nonproducing acreage, costs of drilling successful exploration wells and development costs are capitalized. Producing and non-producing properties are evaluated periodically and, if conditions warrant, an impairment reserve is provided. Annually, a determination is made whether it is probable that significant impairment of the carrying cost for individual fields or groups of fields has occurred, considering a number of factors, including profitability, political risk and Occidental's estimate of future oil and gas prices. If impairment is believed probable, a further analysis is performed using Occidental's estimate of future oil and gas prices to determine the impairment to be recorded for specific properties. Additionally, worldwide oil and gas properties are impaired when undiscounted future net

cash flows, based upon the then-current oil and gas prices with no future escalation, are less than the capitalized cost of such properties on an aggregate basis. Annual lease rentals and exploration costs, including geologic and geophysical costs and exploratory dry-hole costs, are expensed as incurred.

In 1986, Occidental acquired, in a transaction accounted for as a purchase, MidCon Corp. (MidCon), a natural gas transmission company whose interstate pipeline subsidiary is subject to rate regulation by the Federal Energy Regulatory Commission (FERC). Accordingly, MidCon defers or capitalizes certain costs in property, plant and equipment, the recovery of which is subject to the rate-regulatory process. With respect to the interstate natural gas transmission subsidiary of MidCon, the allocated purchase price, less subsequent accumulated depreciation, exceeded the amount subject to recovery through the rate-regulatory process by \$4.3 billion and \$4.4 billion at December 31, 1994 and 1993, respectively. This excess amount as of December 31, 1994 is being depreciated over a remaining period of 39 years.

OTHER ASSETS Other assets include tangible assets, certain of which are amortized over the estimated periods to be benefited, and deferred financing costs.

NOTES PAYABLE Notes payable at December 31, 1994 and 1993 consisted of short-term notes due to financial institutions and other corporations. The balance includes amounts owed by subsidiaries whose economic environments are highly inflationary resulting in high interest rates, which are largely offset by the effects of inflation on funds borrowed. The weighted average interest rate, net of associated foreign exchange gains in highly inflationary countries, on short-term borrowings outstanding as of December 31, 1994 and 1993 was 7.6 percent and 15.7 percent, respectively.

ACCRUED LIABILITIES--CURRENT Accrued liabilities include the following (in millions):

Balance at December 31,	1994	1993
-----	-----	-----
Accrued payroll, commissions and related expenses	\$ 189	\$ 156
Accrued interest expense	\$ 141	\$ 117
Regulatory rate refunds	\$ 128	\$ 43
	-----	-----

CONTRACT IMPAIRMENT RESERVE Accrued liabilities--current and other liabilities--noncurrent include reserves for contract impairment at MidCon that recognize the disadvantageous aspects of certain gas purchase and sales contracts resulting from economic and regulatory conditions. The contract impairment reserve includes reserves for a number of gas purchase contracts, including "take-or-pay" obligations, and was initially established as part of the purchase accounting for the acquisition of MidCon. Subsequent adjustments to the reserve reflect the effects of settlements and changes to the expected outcome of the matters covered by the reserve. The current and noncurrent portions of the contract impairment reserve totaled approximately \$4 million and \$137 million, respectively, at December 31, 1994, and \$5 million and \$160 million, respectively, at December 31, 1993. The noncurrent portion of the reserve was reduced by \$20 million in 1994 primarily to reflect the elimination of certain potential claims and the settlement of litigation.

ENVIRONMENTAL COSTS Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to existing conditions caused by past operations and that do not contribute to current or future revenue generation are expensed. Reserves for estimated costs are recorded when environmental remedial efforts are probable and the costs can be reasonably estimated. 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. The environmental reserves are based on management's estimate of the most likely cost to be incurred and are reviewed periodically and adjusted as additional or new information becomes available. Probable recoveries or reimbursements are recorded as an asset. The environmental reserves are included in accrued liabilities and other noncurrent liabilities and amounted to \$113 million and \$522 million, respectively, at December 31, 1994, and \$119 million and \$623 million, respectively, at December 31, 1993.

Environmental reserves are discounted only when the aggregate amount of the estimated costs for a specific site and the timing of cash payments are reliably determinable. As of December 31, 1994 and 1993, reserves that were recorded on a discounted basis were not material.

DISMANTLEMENT, RESTORATION AND RECLAMATION COSTS The estimated future abandonment costs of oil and gas properties and removal costs for offshore production platforms, net of salvage value, are accrued over their operating lives. Such costs are calculated at unit-of-production rates based upon estimated proved recoverable reserves and are taken into account in determining depreciation, depletion and amortization. Similar reserves are provided for restoration and reclamation of mining properties. For all other operations, appropriate reserves are provided when a decision is taken to dispose of a property, since Occidental makes capital renewal expenditures on

a continual basis while an asset is in operation. Such reserves are included in accrued liabilities and other non-current liabilities and amounted to \$18 million and \$219 million, respectively, at December 31, 1994, and \$32 million and \$196 million, respectively, at December 31, 1993.

HEDGING ACTIVITIES Occidental periodically uses commodity futures contracts, options and swaps to hedge the impact of oil and natural gas price fluctuations and uses forward exchange contracts to hedge the risk associated with fluctuations in foreign currency exchange rates. Gains and losses on commodity futures contracts are deferred and recognized in income as an adjustment to sales revenue or purchase costs when the related transaction being hedged is finalized. Gains and losses on foreign currency forward exchange contracts that hedge identifiable future commitments are deferred and recognized when the related item being hedged is settled. All other contracts are recognized in periodic income. The cash flows from such contracts are included in operating activities in the consolidated statements of cash flows.

Interest rate swaps are entered into on specific debt as part of Occidental's overall strategy to maintain part of its debt on a floating rate basis.

EARNINGS PER COMMON SHARE Earnings per common share was computed by dividing net income, less preferred dividend requirements, by the weighted average number of common shares and common share equivalents outstanding during each year: approximately 311 million in 1994, 305 million in 1993 and 302 million in 1992.

Fully diluted earnings per share was not presented, as the resulting per-share amount did not differ by more than 3 percent from primary earnings per share.

SUPPLEMENTAL CASH FLOW INFORMATION Cash payments during the years 1994, 1993 and 1992 included federal, foreign and state income taxes of approximately \$133 million, \$142 million and \$109 million, respectively. Interest paid (net of interest capitalized) totaled approximately \$505 million, \$531 million and \$608 million for the years 1994, 1993 and 1992, respectively. See Note 3 for detail of noncash investing and financing activities regarding certain acquisitions in 1994.

NOTE 2 FINANCIAL INSTRUMENTS

COMMODITY FUTURES AND FORWARD CONTRACTS Occidental has three major business segments, each of which has engaged, from time to time, in some form of commodity derivative activity, generally limited to hedging arrangements. During 1994, only the oil and gas and natural gas transmission segments engaged in such activities. The oil and gas division engages in oil and gas trading activity through the use of future purchase and sale contracts. The results generally are not significant and are included in periodic income. The natural gas transmission business segment (MidCon) uses commodity futures contracts, options and swaps to hedge the impact of natural gas price fluctuations related to three major categories of business: purchases for and sales from storage; fixed sales and purchase contracts; and natural gas production.

STORAGE Storage activities consist of purchasing and injecting into storage, on a net basis, 70 to 90 billion cubic feet (Bcf) of natural gas during the months of April through October and withdrawing that gas for sale during the period from November through March. These periods may vary depending primarily on weather conditions in the market areas. MidCon uses derivatives to hedge the summer-winter price differentials related to its storage program mainly through forward contracts. The hedging contracts have terms of one to 18 months. Gains and losses on these hedging contracts are deferred and recognized in income when the transactions being hedged are finalized. A small number of options were sold against inventory capacity or physical inventory with results included in periodic income.

FIXED SALES AND PURCHASES Fixed gas sales and purchase contracts vary by agreement. Hedges are placed nearly simultaneously with the consummation of many of the sales-purchase agreements. Most agreements are for less than 18 months. The longest hedge agreement, with a remaining term of nine years, involves a supply agreement for an electric generation facility where MidCon has undertaken to supply gas at predetermined prices and has hedged such commitments.

Gains and losses on these hedging contracts are deferred and recognized in income when the transactions being hedged are finalized. Both New York Mercantile Exchange (NYMEX) and over-the-counter (OTC) hedge instruments are utilized.

PRODUCTION The natural gas transmission division manages the hedging program for annual gas production after royalties, severance taxes and other deductions of approximately 12 Bcf. This gas is produced fairly evenly throughout the year. Depending on MidCon's view of price volatility and current futures prices from the NYMEX,

portions of this production are hedged. Production past 18 months into the future is not hedged. Gains and losses on these hedging contracts are deferred and recognized in income when the transactions being hedged are finalized.

All of the hedging activity described herein is matched to physical natural gas buying and selling activity. Hedges are done strictly with natural gas futures or derivative instruments. There is essentially no discrepancy with regard to timing, i.e., hedges are placed for the same month in which the price risk for the underlying physical movement is anticipated to occur, based on analysis of sales and purchase contracts and historical data. Hedges are removed upon consummation of the underlying physical activity. All deferred gains or losses are then recognized. Because the commodity covered by the NYMEX natural gas futures contract is substantially the same commodity that MidCon buys and sells in the physical market, no special correlation studies, other than monitoring the degree of convergence between the futures and the cash markets, were deemed necessary. NYMEX futures and options are valued using settlement prices published by the exchange. OTC options are valued using a standard option pricing model that requires published exchange prices, market volatility per broker quotes and the time value of money as inputs. Swaps are valued by comparing current broker quotes for price or basis with the corresponding price or basis per the swap agreement, and then discounting the result to present value.

Although futures and options traded on the NYMEX are included in the table below, they are not financial instruments as defined in generally accepted accounting principles (GAAP) since physical delivery of natural gas may be, and occasionally is, made pursuant to these contracts. However, they are a major part of MidCon's commodity risk management program.

The following table summarizes the types of hedges used and the related financial information as of December 31, 1994:

Notional volumes in Bcf	Hedges of	NYMEX(a)	Over-the-Counter(b)	Total		
-----	-----	-----	-----	-----		
Price hedge						
Futures	Purchases	0.2	--	0.2		
	Sales	97.2	--	97.2		
Swaps	Purchases	--	8.5	8.5		
Basis hedge						
Basis swaps(c)	Purchases	--	9.7	9.7		
	Sales	--	19.4	19.4		
		-----	-----	-----		
Dollars in millions		NYMEX	Over-the-Counter	Book Value		Fair Value
-----		-----	-----	-----		-----
Deferred net gains						
Firm commitment/forecast transactions		\$ 3.9	\$ --			
Liabilities						
Price swaps				\$ --		\$ 3.9
Basis swaps				\$ 0.2		\$ 0.8
		-----	-----	-----		-----

(a) Not financial instruments as defined in GAAP but included as they are a major part of the program.

(b) Excluding the nine-year swap agreement, the average weighted term is less than 12 months. Ninety percent of the notional volumes are hedged with counterparties with a single A or better credit rating.

(c) Basis swaps are utilized to hedge the geographic price differentials due primarily to transportation cost and local supply-demand imbalances. Basis swaps are primarily used when the underlying volumes have been hedged for price risk.

FORWARD EXCHANGE AND INTEREST RATE CONTRACTS Occidental is engaged in both oil and gas and chemical activities internationally. International oil and gas transactions are mainly denominated in U.S. dollars; consequently, foreign currency exposure is not deemed material. Many of Occidental's foreign chemical operations and foreign oil and gas operations are located in Latin America and other developing countries whose currencies generally depreciate against the U.S. dollar on a continuing basis. An effective currency forward market does not exist for these countries; therefore, Occidental attempts to manage its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions only at levels necessary for operating purposes. At December 31, 1994, Occidental had foreign currency forward exchange contracts, all of which will mature in 1995, totaling \$500,000 of purchases and \$24 million of sales, which essentially hedged foreign currency denominated receivables.

Additionally, from time to time, Occidental enters into interest rate swap agreements. In November 1993, Occidental entered into interest rate swaps on newly issued fixed-rate debt for notional amounts totaling \$530 million, converting this fixed-rate debt into variable-rate borrowings, based on the London Interbank Offered Rate (LIBOR), with interest rates ranging from 5.9 percent to 6.1 percent at December 31, 1994. These agreements mature at various dates from 1998 through 2000. Notional amounts do not represent cash flow and are not subject to credit risk. Credit risk exposure is limited to the net interest differentials, which are reflected in interest expense. The swap rate difference resulted in approximately \$6 million and \$1 million savings in interest expense for 1994 and 1993, respectively, compared to what interest expense would have been had the debt remained at fixed rates. The impact of the swap on the weighted average interest rates for 1994 and 1993 was not significant.

FAIR VALUE OF FINANCIAL INSTRUMENTS Occidental values financial instruments as required by Statement of Financial Accounting Standards (SFAS) No. 107. The carrying amounts of cash and cash equivalents and short-term notes payable approximate fair value because of the short maturity of those instruments. Occidental estimates the fair value of its senior funded debt based on the quoted market prices for the same or similar issues or on the yields offered to Occidental for debt of similar rating and similar remaining maturities. The estimated fair value of Occidental's senior funded debt at December 31, 1994 was \$6.059 billion, compared with a carrying value of \$5.823 billion. The fair value of interest rate swaps is the amount at which they could be settled, based on estimates obtained from dealers. Based on these estimates at December 31, 1994, Occidental would be required to pay approximately \$54 million to terminate its interest rate swap agreements. Occidental will continue its strategy of maintaining part of its debt on a floating rate basis and therefore intends to hold these agreements to maturity.

The carrying value of other on-balance sheet financial instruments approximates fair value and the cost, if any, to terminate off-balance sheet financial instruments is not significant.

NOTE 3 BUSINESS COMBINATIONS, DISCONTINUED OPERATIONS AND ASSET DISPOSITIONS

On December 29, 1994, Occidental acquired Placid for an aggregate purchase price of approximately \$250 million through the issuance of 3,606,484 shares of \$3.875 cumulative convertible voting preferred stock, with a value of \$175 million, and the balance through the issuance of 3,835,941 shares of Occidental common stock.

Placid has oil and gas exploration and production properties primarily in the U.S. Gulf Coast and the Netherlands. These properties have proved reserves of approximately 12 million barrels of oil and 242 Bcf of natural gas. Placid also has an approximate 39 percent interest in a major pipeline system in the Dutch sector of the North Sea, which includes 170 miles of main and feeder lines.

The acquisition has been accounted for by the purchase method. Accordingly, the cost of the acquisition was allocated to the assets acquired and liabilities assumed based upon their estimated respective fair values. The allocation of the purchase price will be finalized during 1995 upon completion of the asset valuations and resolution of the preacquisition contingencies, if any.

On a pro forma basis the Placid acquisition would not have had a significant effect on Occidental's consolidated results for each of the two years in the period ended December 31, 1994.

In late March 1994, Occidental acquired interests in certain U.S. Gulf Coast oil and gas properties from Agip Petroleum Co. Inc. for a purchase price of \$161 million through the issuance of 5,150,602 shares of Occidental common stock and the balance paid in cash.

In 1994, the pretax gains of \$15 million on dispositions of assets primarily resulted from the sale of Occidental's remaining interests in its producing operations in Argentina.

In July 1993, Occidental sold Island Creek Coal, Inc. (Island Creek) to CONSOL Inc. Following the closing of the sale, Occidental re-evaluated the adequacy of the reserves recorded in the fourth quarter of 1992 related to the decision to exit the coal business and reversed certain reserves no longer required. After recognizing the effect of the sale and the reversal of reserves, an after-tax benefit of \$221 million was included in discontinued operations.

The \$622 million net loss in 1992 from discontinued operations included an after-tax charge of \$600 million to provide for a write-down in the value of the coal assets and for anticipated liabilities associated with the coal operations and a net loss from the coal operations of \$22 million for the year.

In 1993, the pretax gains of \$54 million on dispositions of assets primarily resulted from the sale of Occidental's equity interest in Trident NGL, Inc. (Trident).

In 1992, the pretax gains of \$215 million on dispositions of assets primarily resulted from the sale of 12 million shares of Occidental's holdings in Canadian Occidental Petroleum Ltd. (CanadianOxy) and the receipt of a contingent payment in connection with the 1985 sale of a subsidiary that owned one half of Occidental's Colombian operations.

NOTE 4 EXTRAORDINARY GAIN (LOSS) AND ACCOUNTING CHANGES

The 1993 and 1992 results included net extraordinary losses of \$12 million and \$2 million, respectively, which resulted from the early extinguishment of debt.

Beginning in 1994, Occidental revised the estimated average useful lives used to compute depreciation for most of its chemical machinery and equipment from 20 years to 25 years and for most of its natural gas transmission property to a remaining life of 40 years. These revisions were made to more properly reflect the current economic lives of the assets based on anticipated industry conditions. The result was a reduction in net loss for the year ended December 31, 1994 of approximately \$65 million, or approximately \$.21 per share. Natural gas transmission and chemical divisional earnings benefited by approximately \$31 million and \$34 million, respectively.

In December 1992, the Financial Accounting Standards Board issued SFAS No. 112--"Employers' Accounting for Postemployment Benefits," which substantially changed the existing method of accounting for employer benefits provided to inactive or former employees after active employment but before retirement. This statement requires that the cost of postemployment benefits (principally medical benefits for inactive employees) be recognized in the financial statements during employees' active working careers. Occidental's adoption of SFAS No. 112, effective January 1, 1994, did not have a material impact on Occidental's financial position or results of operations.

Effective January 1, 1992, Occidental adopted the requirements of SFAS No. 106--"Employers' Accounting for Postretirement Benefits Other Than Pensions" on the immediate-recognition basis. This statement required that the cost of these benefits, which are primarily health care related, be recognized in the financial statements during the employees' active working careers. Occidental recorded a charge of \$513 million (\$1.70 per share), net of a \$284 million income tax benefit, as of January 1, 1992 to reflect the cumulative effect of this change in accounting principle. In addition to the cumulative effect, Occidental's 1992 postretirement health care and life insurance costs increased, for financial reporting purposes, by \$16 million (\$24 million pretax) as a result of adopting the new standard (see Note 12).

Effective January 1, 1992, Occidental adopted SFAS No. 109--"Accounting for Income Taxes," which requires an asset and liability approach in accounting for income taxes. Under this method, deferred income taxes are recognized, at enacted rates, to reflect the future effects of tax carryforwards and temporary differences arising between the tax bases of assets and liabilities and their financial reporting amounts at each year-end. SFAS No. 109 required the restatement of assets and liabilities related to purchased businesses to eliminate the previously used net-of-tax accounting for such assets and liabilities, resulting in higher carrying values and therefore in higher operating charges for depreciation, depletion and amortization but lower tax expense. This statement also eliminated the concept of the utilization of net operating loss carryforwards for accounting purposes, which were previously reported as extraordinary items, by requiring the immediate recognition of losses in the year incurred, subject to realization. The effect of adopting SFAS No. 109 was to decrease 1992 pretax income from continuing operations by \$35 million for the year. In addition, Occidental recorded a benefit of \$420 million (\$1.39 per share) to reflect, as of January 1, 1992, the cumulative effect of this accounting change (see Note 10).

NOTE 5 INVENTORIES

Inventories of approximately \$241 million and \$315 million were valued under the LIFO method at December 31, 1994 and 1993, respectively.

Inventories consisted of the following (in millions):

Balance at December 31,	1994	1993
-----	-----	-----
Raw materials	\$ 135	\$ 115
Materials and supplies	201	191
Work in process	21	27
Finished goods	428	498
	-----	-----
	785	831
LIFO reserve	(37)	(40)
	-----	-----
Total	\$ 748	\$ 791
	=====	=====

During 1994, inventory quantities were reduced at natural gas transmission. These reductions resulted in a liquidation of LIFO inventory quantities carried at lower costs that prevailed in prior years. The effect of this liquidation was to reduce cost of sales by \$13 million for the year ended December 31, 1994.

NOTE 6 SENIOR FUNDED DEBT

Senior funded debt consisted of the following (in millions):

Balance at December 31, -----	1994	1993
OCCIDENTAL PETROLEUM CORPORATION		
11.75% senior debentures due 2011, callable March 15, 1996 at 104.838	\$ 955	\$ 955
11.125% senior debentures due 2019, callable June 1, 1999 at 105.563	144	144
10.125% senior debentures due 2009	276	276
9.25% senior debentures due 2019, putable August 1, 2004 at par	300	300
10.75% senior notes due 1998, callable May 1, 1995 at par	200	200
10.125% senior notes due 2001	330	330
9.625% senior notes due 1999, callable July 1, 1996 at par	300	300
Floating rate senior notes due 1995	--	104
9.1% to 9.75% medium-term notes due 1995 through 2001	124	124
8.50% medium-term notes due 2004, callable September 15, 1999 at par	250	--
11.125% medium-term notes due 2010	150	150
6.3125% floating rate medium-term notes due 1999	150	--
8.50% medium-term notes due 2001	150	--
8.75% medium-term notes due 2023	100	100
5.84% to 11% medium-term notes due 1997 through 2000	294	294
5.37% to 8.34% medium-term notes due 1995 through 2008	359	626
5.76% to 8.8% medium-term notes due 1998 through 2001	601	601
5.98% to 6.5% commercial paper	430	689
10.42% senior notes due 2003, callable December 1, 1998 at par	50	50
7.375% to 8.8% retail medium-term notes due 1998 through 2003, callable at various dates	70	--
6.2% to 6.5% revolving credits	100	--
	-----	-----
	5,333	5,243
	-----	-----
OXY USA INC.		
7% debentures due 2011, callable anytime at par	274	274
7.2% unsecured notes due 2020 (Note 14)	7	7
6.625% debentures due 1999, callable anytime at par (Note 14)	55	55
6.125% debentures due 1997, callable anytime at par (Note 14)	15	15
5.7% to 7.8% unsecured notes due 2000 through 2007	59	62
	-----	-----
	410	413
	-----	-----
OTHER SUBSIDIARY DEBT		
4.1% to 12.5% unsecured notes due 1996 through 2029	158	186
6% to 14.50% secured notes due 1996 through 2011	124	56
	-----	-----
	282	242
	-----	-----
	6,025	5,898
	-----	-----
Less--unamortized discount, net current maturities	(163) (39)	(168) (2)
	-----	-----
TOTAL	\$ 5,823	\$ 5,728
	=====	=====

At December 31, 1994, \$622 million of commercial paper and other notes due in 1995 were classified as noncurrent since it is management's intention to refinance this amount on a long-term basis, initially utilizing an available line of bank credit with a maturity extending to 1999; therefore, the \$622 million is included in the 1999 principal amount discussed below.

At December 31, 1994, minimum principal payments on senior funded debt, including sinking fund requirements, subsequent to December 31, 1995 aggregated \$5.986 billion, of which \$48 million is due in 1996, \$323 million in 1997, \$641 million in 1998, \$1.427 billion in 1999, \$353 million in 2000 and \$3.194 billion thereafter. Unamortized discount is generally being amortized to interest expense on the effective interest method over the lives of the related issues.

At December 31, 1994, under the most restrictive covenants of certain financing agreements, the capacity for the payment of cash dividends and other distributions on, and for acquisitions of, Occidental's capital stock was

approximately \$1.8 billion, assuming that such dividends, distributions and acquisitions were made without incurring additional borrowings.

At December 31, 1994, Occidental had available lines of committed bank credit of approximately \$2.2 billion, net of \$430 million representing amounts utilized to support commercial paper borrowings. Bank fees on committed lines of credit ranged from 0.125 percent to 0.25 percent.

NOTE 7 LEASE COMMITMENTS

The present value of net minimum lease payments, net of the current portion, totaled \$291 million and \$319 million at December 31, 1994 and 1993, respectively.

Operating and capital lease agreements frequently include renewal and/or purchase options and require Occidental to pay for utilities, taxes, insurance and maintenance expense.

At December 31, 1994, future net minimum lease payments for capital and operating leases (excluding oil and gas and other mineral leases) were the following (in millions):

	Capital -----	Operating -----
1995	\$ 54	\$ 137
1996	53	101
1997	221	86
1998	6	76
1999	6	69
Thereafter	78	482
	-----	-----
TOTAL MINIMUM LEASE PAYMENTS	418	\$ 951 =====
Less--executory costs	(7)	
imputed interest	(90)	
current portion	(30)	

PRESENT VALUE OF NET MINIMUM LEASE PAYMENTS, NET OF CURRENT PORTION	\$ 291 =====	

Rental expense for operating leases, net of immaterial sublease rental, was \$163 million in 1994, \$158 million in 1993 and \$166 million in 1992.

Included in the 1994 and 1993 property, plant and equipment accounts were \$465 million of property leased under capital leases and \$130 million and \$108 million, respectively, of related accumulated amortization.

NOTE 8 LAWSUITS, CLAIMS AND RELATED MATTERS

Occidental and certain of its subsidiaries have been named in a substantial number of governmental proceedings as defendants or potentially responsible parties under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and corresponding state acts. These 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. For the remaining proceedings, as to which Occidental does not have sufficient information to determine a range of liability, Occidental does have sufficient information on which to base the opinion expressed in the last paragraph of this Note.

There is a currently pending action seeking relief for remedial and response measures under federal environmental laws brought by the federal government in 1979 in the U.S. District Court for the Western District of New York against Occidental Chemical Corporation (OCC), Occidental and others, regarding a former chemical waste landfill. The federal government is claiming \$108 million, plus an estimated \$90 million in pre-judgment interest. The court has held OCC jointly and severally liable under CERCLA for response costs, but OCC has asserted a counterclaim against the federal government for its responsibility arising from direct deposits of waste and the performance of wartime contracts. The amount of liability of OCC and the federal government, respectively, will be determined in a subsequent trial. In July 1994, the Court approved a settlement between OCC and the State of New York which resolved all respective claims that had been asserted between them in this action. Approximately 1,000 past and present residents of areas adjacent to this site and another former

chemical landfill site continue to pursue actions brought in the Supreme Court, Niagara County, New York, against OCC and, in some instances, Occidental and others, claiming damages for personal injuries or wrongful death and property damages allegedly resulting from exposure to chemical residues, as well as punitive damages. The Occidental defendants deny liability in these actions. Occidental has brought an action against various of its insurers in the same court to enforce coverage with respect to this site, certain other former landfill sites and two chemical plants, including the foregoing government and private actions in New York, which the insurers are defending.

In 1988, the Office of Hearings and Appeals (OHA) of the U.S. Department of Energy (DOE) issued a remedial order to Cities Service Oil and Gas Corporation, now OXY USA Inc. (OXY USA), asserting that certain crude oil tier trades by OXY USA between 1979 and 1981 violated the DOE's petroleum price regulations and ordering OXY USA to make restitution. In 1992, an administrative law judge (ALJ) upheld most of the remedial order. In December 1993, the FERC reversed the ALJ decision and the remedial order, and held that there had been no violation of the price regulations. In 1994, the FERC denied all motions for reconsideration and two groups of intervenors subsequently filed for judicial review of the FERC orders in the U.S. District Court for the District of Columbia. In 1992, the DOE proposed a revised remedial order to seek recovery of substantially the same amounts for most of these same tier trades under an alternative theory, alleging violation of certain regulations relating to the certification of crude oil to the DOE's crude oil entitlements program, which is contested by OXY USA. The amount sought by the DOE in the proposed revised remedial order, which is now before the OHA, was approximately \$254 million plus accrued interest amounting to approximately \$868.5 million at December 31, 1994.

OCC and affiliated entities produced products containing dibromochloropropane (DBCP) until 1977 when the State of California banned DBCP. This pesticide was developed and initially registered by other chemical companies, produced by several major U.S. chemical companies and distributed by many U.S. companies. Twenty public and private water providers have filed actions against the developers, producers and distributors of DBCP, including OCC and Occidental, in Superior Court, San Francisco County, California. Currently, there are approximately 100 wells of such providers which exceed California's maximum contaminant level. The actions allege DBCP contamination of water supplies and seek contribution from all defendants for remediation costs, including filtering of affected wells, and punitive damages.

It is impossible at this time to determine the ultimate legal liabilities that may arise from the lawsuits, proceedings and claims discussed above or from various other lawsuits and proceedings pending against Occidental and its subsidiaries, some of which involve substantial amounts. However, in management's opinion, after taking into account reserves, none of the lawsuits, proceedings and claims specifically discussed above nor the various other pending lawsuits and proceedings should have a material adverse effect upon the consolidated financial position of Occidental, although the resolution in any reporting period of one or more of these matters could have a material impact on Occidental's results of operations for that period.

NOTE 9 OTHER COMMITMENTS AND CONTINGENCIES

At December 31, 1994, commitments for major capital expenditures during 1995 and thereafter were approximately \$438 million, which included Occidental's oil and gas development commitments in Qatar and Venezuela. Occidental has entered into agreements providing for future payments to secure terminal and pipeline capacity, drilling services, electrical power and steam. At December 31, 1994, the net present value of the fixed and determinable portion of the obligations under these agreements aggregated \$138 million, which was payable as follows (in millions): 1995--\$19, 1996--\$17, 1997--\$15, 1998--\$14, 1999--\$12 and 2000 through 2014--\$61. Payments under these agreements were \$23 million in 1994, \$38 million in 1993 and \$21 million in 1992.

Natural Gas Pipeline Company of America (Natural) is a party to a number of contracts that require Natural to purchase natural gas at prices in excess of the prevailing market price. As a result of a FERC order prohibiting interstate pipelines from using their gas transportation and storage facilities to market gas to sales customers, Natural no longer has a sales market for the gas it is required to purchase under these contracts. This order went into effect on Natural's system on December 1, 1993. Natural is incurring substantial transition costs to reform these contracts with gas suppliers. Settlement agreements reached by Natural and its former sales customers, under which Natural will recover from those customers over a four-year period a significant amount of the gas supply realignment (GSR) costs it incurs, have been approved by the FERC. The FERC has also permitted Natural to implement, subject to possible refund, a tariff mechanism to recover additional portions of its GSR costs in rates charged to transportation customers that were not party to the settlements.

Occidental has certain other commitments under contracts, guarantees and joint ventures, including a rent-free lease of a building contiguous with corporate headquarters with a remaining term of 26 years, as well as other contingent liabilities.

In management's opinion, after taking into account reserves, none of such commitments and contingencies discussed above should have a material adverse effect upon the consolidated financial position of Occidental, although the resolution in any reporting period of one or more of these matters could have a material impact on Occidental's results of operations for that period.

NOTE 10 DOMESTIC AND FOREIGN INCOME AND OTHER TAXES

The domestic and foreign components of income (loss) from continuing operations before domestic and foreign income and other taxes were as follows (in millions):

For the years ended December 31, -----	Domestic -----	Foreign -----	Total -----
1994	\$ (46) =====	\$ 153 =====	\$ 107 =====
1993	\$ 150 =====	\$ 67 =====	\$ 217 =====
1992	\$ 104 =====	\$ 217 =====	\$ 321 =====

The provisions (credits) for domestic and foreign income and other taxes consisted of the following (in millions):

For the years ended December 31, -----	U.S. Federal -----	State and Local -----	Foreign -----	Total -----
1994				
Current	\$ 3	\$ 18	\$ 96	\$ 117
Deferred	18	4	4	26
	-----	-----	-----	-----
	\$ 21	\$ 22	\$ 100	\$ 143
	=====	=====	=====	=====
1993				
Current	\$ (27)	\$ 28	\$ 84	\$ 85
Deferred	144	1	(142)	3
Deferred tax charge due to federal income tax rate change	55	--	--	55
	-----	-----	-----	-----
	\$ 172	\$ 29	\$ (58)	\$ 143
	=====	=====	=====	=====
1992				
Current	\$ 46	\$ (23)	\$ 94	\$ 117
Deferred	67	8	3	78
	-----	-----	-----	-----
	\$ 113	\$ (15)	\$ 97	\$ 195
	=====	=====	=====	=====

The credit provision for foreign income tax in 1993 reflected the reversal of \$130 million of foreign tax reserves following the settlement of tax matters with foreign jurisdictions relating to the disposition of certain international oil and gas assets in 1991. Deferred U.S. federal income tax included a charge of \$45 million relative to this reversal.

The following is a reconciliation, stated as a percentage of pretax income, of the U.S. statutory federal income tax rate to Occidental's effective tax rate on income (loss) from continuing operations:

For the years ended December 31, -----	1994 -----	1993 -----	1992 -----
U.S. federal statutory tax rate	35%	35%	34%
Rate effect of provisions and reversals relating to, and including, foreign income taxes	65	4	17
Sale of CanadianOxy shares	--	--	14
State taxes, net of federal benefit	13	8	3
Domestic income tax reserves no longer required	--	(4)	(6)
Nondeductible depreciation and other expenses	11	3	3
Federal income tax rate change	--	25	--
Other	10	(5)	(4)
	-----	-----	-----
Tax rate provided by Occidental	134%	66%	61%
	=====	=====	=====

As discussed in Note 4, Occidental adopted SFAS No. 109 as of January 1, 1992, and the cumulative effect of this change is reported in the 1992 consolidated statement of operations. The tax effects of temporary differences and carryforwards resulting in deferred income taxes at December 31, 1994 and 1993 were as follows (in millions):

Items resulting in temporary differences and carryforwards	1994		1993	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Property, plant and equipment differences	\$ 180	\$ 3,873	\$ 163	\$ 3,919
Contract impairment reserves	102	--	122	--
Discontinued operation loss accruals	176	--	217	--
Environmental reserves	272	--	300	--
Postretirement benefit accruals	214	--	204	--
State income taxes	140	--	130	--
Net operating loss carryforwards	267	--	254	--
Tax credit carryforwards	309	--	317	--
All other	594	457	661	459
Subtotal	2,254	4,330	2,368	4,378
Valuation allowance	(204)	--	(206)	--
Total deferred taxes	\$ 2,050	\$ 4,330	\$ 2,162	\$ 4,378

Included in total deferred tax assets was a current portion aggregating \$285 million and \$172 million as of December 31, 1994 and 1993, respectively, that was reported in prepaid expenses and other.

A deferred tax liability of approximately \$55 million at December 31, 1994 has not been recognized for temporary differences related to Occidental's investment in certain foreign subsidiaries primarily as a result of unremitted earnings of consolidated subsidiaries, as it is Occidental's intention, generally, to reinvest such earnings permanently.

The pension liability adjustments charged directly to retained earnings in 1994, 1993 and 1992 were net of income tax benefits of \$6 million, \$8 million and \$4 million, respectively.

Discontinued operations included an income tax expense of \$123 million in 1993 and an income tax benefit of \$330 million in 1992.

The extraordinary losses that resulted from the early extinguishment of debt were reduced by income tax benefits of \$7 million and \$1 million in 1993 and 1992, respectively.

At December 31, 1994, Occidental had, for U.S. federal income tax return purposes, a net operating loss carryforward of approximately \$650 million, a business tax credit carryforward of \$65 million and an alternative minimum tax credit carryforward of \$240 million available to reduce future income taxes. To the extent not used, the net operating loss carryforward expires in varying amounts beginning in 2002 and the business tax credit expires in varying amounts during the years 1996 through 2001. The alternative minimum tax credit carryforward does not expire.

Occidental is subject to audit by taxing authorities for varying periods in various tax jurisdictions. Management believes that any required adjustments to Occidental's tax liabilities will not have a material adverse impact on its financial position or results of operations.

NOTE 11 NONREDEEMABLE PREFERRED STOCK AND COMMON STOCK

The following is an analysis of nonredeemable preferred stock and common stock (shares in thousands):

	Nonredeemable Preferred Stock	Common Stock
BALANCE, DECEMBER 31, 1991	400	300,063
Issued	--	3,667
Redeemed	(400)	--
Options exercised and other, net	--	(2)
BALANCE, DECEMBER 31, 1992	--	303,728
Issued	11,500	1,906
Options exercised and other, net	--	(31)
BALANCE, DECEMBER 31, 1993	11,500	305,603
Issued	14,995	11,300
Options exercised and other, net	--	(50)
BALANCE, DECEMBER 31, 1994	26,495	316,853

Occidental has authorized 50,000,000 shares of preferred stock with a par value of \$1.00 per share. In February 1994, Occidental issued 11,388,340 shares of \$3.00 cumulative CXY-indexed convertible preferred stock in a public offering for net proceeds of approximately \$557 million. The shares are convertible into Occidental common stock in accordance with a conversion formula that is indexed to the market price of the common shares of CanadianOxy. In addition, the shares, which are not subject to any sinking fund or mandatory redemption requirements, have a liquidation preference of \$50.00 per share, plus accumulated and unpaid dividends. The shares of CXY-indexed convertible preferred stock are redeemable on or after January 1, 1999, in whole or in part, at the option of Occidental, at a redemption price of \$51.50 per share declining ratably to \$50.00 per share on or after January 1, 2004, in each case plus accumulated and unpaid dividends to the redemption date. Each holder of shares of the CXY-indexed convertible preferred stock has the right, at such holder's option, to convert the shares held, at any time, unless previously redeemed, into a number of shares of Occidental common stock currently determined by multiplying the Conversion Ratio by the aggregate number of shares being converted by the holder. The Conversion Ratio is the product of (i) the Price Ratio (as defined, generally the market price, calculated in a specified manner, of one CanadianOxy common share over the market price, calculated in a specified manner, of one share of Occidental common stock) and (ii) the Share Factor (as defined, initially 1.766, subject to adjustment upon the occurrence of certain events affecting the CanadianOxy common shares). As of December 31, 1994, the aggregate number of shares of Occidental common stock issuable upon conversion of all of the issued and outstanding shares of the CXY-indexed convertible preferred stock was 23,106,942, based on the Conversion Ratio then in effect of 2.029. Dividends on the CXY-indexed convertible preferred stock at an annual rate of \$3.00 per share are cumulative and are payable quarterly in arrears, when and as declared by Occidental's Board of Directors. Holders of the CXY-indexed convertible preferred stock have no voting rights, except in certain circumstances; however, holders of such series, voting separately as a class with all other affected classes or series of preferred stock upon which like voting rights have been conferred and are exercisable, are entitled to elect two additional directors if the equivalent of six quarterly dividends on the CXY-indexed convertible preferred stock are accumulated and unpaid.

In December 1994, Occidental issued 3,606,484 shares of \$3.875 cumulative convertible voting preferred stock in connection with the Placid acquisition. In February 1993, Occidental issued 11,500,000 shares of \$3.875 cumulative convertible preferred stock. The shares of both series are redeemable on or after February 18, 1998, in whole or in part, at the option of Occidental, at a redemption price of \$51.9375 per share declining ratably to \$50.00 per share on or after February 18, 2003, in each case plus accumulated and unpaid dividends to the redemption date. Each series of \$3.875 preferred stock has a liquidation preference of \$50.00 per share, plus accumulated and unpaid dividends, and is convertible at the option of the holder into common stock of Occidental at a conversion price of \$22.76 per share, subject to adjustment in certain events. Dividends on each series of the \$3.875 preferred stock at an annual rate of \$3.875 per share are cumulative and are payable quarterly in arrears, when and as declared by Occidental's Board of Directors. Holders of the \$3.875 cumulative convertible preferred stock have no voting rights, except in certain circumstances. Holders of the \$3.875 cumulative convertible voting preferred stock, voting separately as a class with the Occidental common stock and all other classes or series of preferred stock upon which like voting rights may be conferred, have the right to vote for the election of directors and for all other purposes. Holders of each series of \$3.875 preferred stock, voting separately as a class with all other affected classes or series of preferred stock upon which like voting rights have been conferred and are exercisable, are entitled to elect two additional directors if the equivalent of six quarterly dividends on such series of \$3.875 preferred stock are accumulated and unpaid.

In 1992, Occidental redeemed all of its outstanding \$12.00 cumulative preferred stock. Occidental had 400,000 shares of \$12.00 cumulative preferred stock outstanding until redemption in September 1992, with a carrying value of \$40 million.

In 1986, pursuant to a stockholders' rights plan, a dividend of one stock purchase right (right) on each outstanding share of Occidental's common stock was issued. Similar rights have been, and generally will be, issued in respect of shares of common stock subsequently issued. Each right becomes exercisable, upon the occurrence of certain events, for one one-hundredth of a share of Series A junior participating preferred stock, par value \$1.00 per share, at a purchase price of \$80.00 or, under certain circumstances, common stock or other securities, cash or other assets having a then-current market price (as defined and subject to adjustment) equal to twice such purchase price. The rights currently are not exercisable and will be exercisable only if a person or group either acquires beneficial ownership of 20 percent or more of Occidental's common stock or commences a tender or exchange offer that would result in ownership of 30 percent or more. The rights, which expire in October 1996, are redeemable in whole, but not in part, at Occidental's option at any time for a price of \$.05 per right.

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS Options to purchase common stock of Occidental have been granted to officers and employees under stock option plans adopted in 1978 and 1987. During 1994, options for 873,662 shares became exercisable, and options for 3,374,181 shares were exercisable at December 31, 1994. At December 31, 1994, options for 1,398,330 shares were outstanding with stock appreciation rights, of which options for 1,293,669 shares were exercisable.

The following is a summary of stock option transactions during 1994, 1993 and 1992 (shares in thousands, except per-share amounts):

	1994		1993		1992	
	Shares	Price Range per Share	Shares	Price Range per Share	Shares	Price Range per Share
Beginning balance	4,556	\$ 18.500--\$ 31.125	3,965	\$ 18.500--\$ 31.125	3,340	\$ 18.500--\$ 31.125
Granted or issued	905	\$ 17.750--\$ 21.125	841	\$ 22.000	904	\$ 19.875
Exercised	(52)	\$ 18.500--\$ 19.875	(42)	\$ 18.500--\$ 19.875	(4)	\$ 18.500
Canceled	(311)	\$ 18.500--\$ 30.625	(208)	\$ 18.500--\$ 31.125	(275)	\$ 18.500--\$ 30.625
ENDING BALANCE	5,098	\$ 17.750--\$ 31.125	4,556	\$ 18.500--\$ 31.125	3,965	\$ 18.500--\$ 31.125
RESERVED FOR GRANT						
AT DECEMBER 31	4,142		4,911		5,563	

STOCK INCENTIVE PLAN Occidental has a stock incentive plan whereby a limited number of executives may be awarded Occidental common stock at the par value of \$.20 per share, with such shares vesting after five years or earlier under certain conditions. The related expense is amortized over the vesting period. Under the plan, a total of approximately 2,731,280 shares may be awarded; 278,653 shares were awarded in 1994; and 518,836 shares were available at December 31, 1994, for the granting of future awards.

NOTE 12 RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

Occidental has various defined contribution retirement plans for its salaried, domestic union and nonunion hourly, and certain foreign national employees that provide for periodic contributions by Occidental based on plan-specific criteria, such as base pay, age level and/or employee contributions. Occidental contributed and expensed \$70 million, \$61 million and \$80 million under the provisions of these plans for 1994, 1993 and 1992, respectively. Changes in the amounts expensed reflected lower employee levels, changes in the employer contribution levels and implementation in 1992 of a new plan for domestic union employees.

Pension costs for Occidental's defined benefit pension plans, determined by independent actuarial valuations, are funded by payments to trust funds, which are administered by independent trustees. The components of the net pension cost for 1994, 1993 and 1992 were as follows (in millions):

For the years ended December 31,	1994	1993	1992
Service cost--benefits earned during the period	\$ 8	\$ 10	\$ 11
Interest cost on projected benefit obligation	21	20	23
Actual return on plan assets	1	(8)	--
Net amortization and deferral	(10)	(3)	(10)
Curtailments and settlements	--	4	3
Net pension cost	\$ 20	\$ 23	\$ 27

In 1994, 1993 and 1992, Occidental recorded adjustments to retained earnings of \$10 million, \$14 million and \$9 million, respectively, to reflect the net-of-tax difference between the additional liability required under pension accounting provisions and the corresponding intangible asset.

The following table sets forth the plans' funded status and amounts recognized in Occidental's consolidated balance sheets at December 31, 1994 and 1993 (in millions):

Balance at December 31,	1994		1993	
	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
PRESENT VALUE OF THE ESTIMATED PENSION BENEFITS TO BE PAID IN THE FUTURE				
Vested benefits	\$ 10	\$ 252	\$ 1	\$ 226
Nonvested benefits	--	17	--	16
Accumulated benefit obligations	10	269	1	242
Effect of projected future salary increases(a)	6	13	1	20
Total projected benefit obligations	16	282	2	262
Plan assets at fair value	15	169	1	161
PROJECTED BENEFIT OBLIGATION IN EXCESS OF (LESS THAN) PLAN ASSETS				
Projected benefit obligation in excess of (less than) plan assets	\$ 1	\$ 113	\$ 1	\$ 101
Unrecognized net asset (obligation)	--	(13)	--	(18)
Unrecognized prior service (cost) benefit	--	(9)	--	(8)
Unrecognized net gain (loss)	(1)	(73)	(1)	(59)
Additional minimum liability(b)	--	87	--	75
PENSION LIABILITY (ASSET)	\$ --	\$ 105	\$ --	\$ 91

(a) The effect of salary increases related primarily to international salary-based plans.

(b) A related amount up to the limit allowable under SFAS No. 87--"Employers' Accounting for Pensions" has been included in other assets. Amounts exceeding such limits have been charged to retained earnings.

The discount rate used in determining the actuarial present value of the projected benefit obligations was 7.5 percent in 1994 and 1993 and 8.5 percent in 1992. The rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations was between 5 percent and 6 percent in 1994, 1993 and 1992. The expected long-term rate of return on assets was 8 percent in 1994, between 8 percent and 8.5 percent in 1993 and between 8 percent and 10 percent in 1992.

Occidental provides medical, dental and life insurance for certain active, retired and disabled employees and their eligible dependents. Beginning in 1993, certain salaried participants pay for all medical cost increases in excess of increases in the Consumer Price Index (CPI). The benefits generally are funded by Occidental as the benefits are paid during the year. The cost of providing these benefits is based on claims filed and insurance premiums paid for the period. The total benefits costs were approximately \$124 million in 1994 and 1993 and \$196 million in 1992. The 1994, 1993 and 1992 costs included \$54 million, \$50 million and \$80 million, respectively, for postretirement costs, as discussed below. The 1992 amount included costs for the discontinued coal operation.

As discussed in Note 4, effective January 1, 1992, Occidental adopted SFAS No. 106. This statement required that the cost of postretirement benefits other than pensions, which are primarily for health care, be accrued as a form of deferred compensation earned during the period that employees render service, rather than the previously permitted practice of accounting for such costs as claims were paid. Occidental elected immediate recognition of the net obligation at January 1, 1992. The related charge included a previously unrecognized accumulated postretirement benefit obligation of \$513 million, net of a \$284 million income tax benefit.

The postretirement benefit obligation as of December 31, 1994 and 1993 was determined by application of the terms of medical, dental and life insurance plans, including the effect of established maximums on covered costs, together with relevant actuarial assumptions and health care cost trend rates projected at a CPI increase of 4 percent (except for union employees). For union employees, the health care cost trend rates were projected at annual rates ranging ratably from 12 percent in 1994 to 6 percent through the year 2002 and level thereafter. The effect of a 1 percent annual increase in these assumed cost trend rates would increase the accumulated postretirement benefit obligation by approximately \$22 million in 1994; the annual service and interest costs would not be materially affected. The weighted average discount rate used in determining the accumulated postretirement benefit obligation as of December 31, 1994 and 1993 was 7.5 percent. Occidental's funding policy generally is to pay claims as they come due. However in 1994 and 1993, MidCon prefunded certain postretirement benefits associated with its regulated operations. Assets are invested in short-term securities.

The following table sets forth the postretirement plans' combined status, reconciled with the amounts included in the consolidated balance sheets at December 31, 1994 and 1993 (in millions):

Balance at December 31,	1994	1993
-----	-----	-----
Accumulated postretirement benefit obligation		
Retirees	\$ 374	\$ 408
Fully eligible active plan participants	73	78
Other active plan participants	127	137
	-----	-----
Total accumulated postretirement benefit obligation	574	623
Plan assets at fair value	15	8
	-----	-----
Unfunded status	559	615
Unrecognized prior service cost	(6)	(7)
Unrecognized net loss	(15)	(90)
	-----	-----
Accrued postretirement benefit cost	\$ 538	\$ 518
	=====	=====

Net periodic postretirement benefit cost, including, in 1992, the amounts attributable to the discontinued coal operation, for 1994, 1993 and 1992 included the following components (in millions):

For the years ended December 31,	1994	1993	1992
-----	-----	-----	-----
Service cost--benefits attributed to service during the period	\$ 9	\$ 8	\$ 14
Interest cost on accumulated postretirement benefit obligation	42	42	66
Actual return on plan assets	(1)	--	--
Net amortization and deferral	4	--	--
	-----	-----	-----
Net periodic postretirement benefit cost	\$ 54	\$ 50	\$ 80
	=====	=====	=====

NOTE 13 INVESTMENTS

Investments in 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 December 31, 1994, Occidental's equity investments consisted primarily of joint-interest pipelines, including a pipeline in the Dutch sector of the North Sea, an investment of approximately 30 percent in the common shares of CanadianOxy and a chemical partnership. In the second quarter of 1993, Occidental sold its 45 percent nonvoting interest in Trident. The investment in Trident was in its preferred stock, and accordingly, no equity earnings had been recorded. In 1992, Occidental sold 12 million shares of its holdings in CanadianOxy. Equity investments paid dividends of \$45 million, \$33 million and \$60 million to Occidental in 1994, 1993 and 1992, respectively. Cumulative undistributed earnings since acquisition, in the amount of \$102 million, of 50-percent-or-less-owned companies have been accounted for by Occidental under the equity method. At December 31, 1994, Occidental's investment in equity investees exceeded the historical underlying equity in net assets by approximately \$150 million, which is being amortized into income over periods not exceeding 40 years. The aggregate market value of the investment in CanadianOxy, based on the quoted market price for CanadianOxy common shares, was \$453 million at December 31, 1994, compared with an aggregate book value of \$185 million. Occidental and its subsidiaries' purchases from, and sales to, certain equity method pipeline ventures and the chemical partnership were \$202 million and \$225 million, respectively, during the year ended December 31, 1994.

The following table presents Occidental's proportional interest in the summarized financial information of its equity method investments (in millions):

For the years ended December 31,	1994	1993	1992
-----	-----	-----	-----
Revenues	\$ 684	\$ 562	\$ 518
Costs and expenses	611	535	496
	-----	-----	-----
Net income	\$ 73	\$ 27	\$ 22
	=====	=====	=====

Balance at December 31,	1994	1993
-----	-----	-----
Current assets	\$ 273	\$ 170
Noncurrent assets	\$ 917	\$ 950
Current liabilities	\$ 168	\$ 146
Noncurrent liabilities	\$ 543	\$ 544

Stockholders' equity

\$ 479 \$ 430

NOTE 14 SUMMARIZED FINANCIAL INFORMATION OF WHOLLY OWNED SUBSIDIARY

Occidental has guaranteed the payments of principal of, and interest on, certain publicly traded debt securities of its subsidiary, OXY USA.

The following table presents summarized financial information for OXY USA (in millions):

For the years ended December 31,	1994	1993	1992
Revenues	\$ 748	\$ 874	\$ 838
Costs and expenses	749	790	771
Income (loss) before extraordinary gain (loss) and cumulative effect of changes in accounting principles	(1)	84	67
Extraordinary gain (loss), net	--	(9)	(2)
Cumulative effect of changes in accounting principles, net	--	--	(143)
Net income (loss)	\$ (1)	\$ 75	\$ (78)

Balance at December 31,	1994	1993
Current assets	\$ 113	\$ 122
Intercompany receivable	\$ 246	\$ 877
Noncurrent assets	\$ 2,069	\$ 1,975
Current liabilities	\$ 167	\$ 205
Interest bearing note to parent	\$ 137	\$ --
Noncurrent liabilities	\$ 1,114	\$ 1,094
Stockholders' equity	\$ 1,010	\$ 1,675

NOTE 15 INDUSTRY SEGMENTS AND GEOGRAPHIC AREAS

Occidental conducts its continuing operations through three industry segments: oil and gas, natural gas transmission and chemical. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas domestically and internationally. The natural gas transmission segment engages in interstate and intrastate natural gas transmission and marketing through an extensive network of pipelines. The chemical segment manufactures and markets, domestically and internationally, a variety of basic chemicals, petrochemicals, and polymers and plastics.

Earnings of industry segments and geographic areas exclude interest income, interest expense, unallocated corporate expenses, discontinued operations, extraordinary items, the cumulative effect of changes in accounting principles and income from equity investments, but include gains from dispositions of segment and geographic area assets (see Note 3). Intersegment sales and transfers between geographic areas are made at prices approximating current market values and are not significant.

Foreign income and other taxes and certain state taxes are included in segments and geographic areas on the basis of operating results. Beginning in 1992, in connection with the adoption of SFAS No. 109, Occidental changed its method of allocating to its operating segments charges in lieu of U.S. federal income taxes. Under this method, amounts are allocated to the segments only to the extent of the tax effect of operating charges and credits resulting from purchase accounting adjustments, as further adjusted in accordance with SFAS No. 109.

Identifiable assets are those assets used in the operations of the segments. Corporate assets consist of cash, short-term investments, certain corporate receivables and other assets, including net assets of discontinued operations.

INDUSTRY SEGMENTS
In millions

	Oil and Gas	Natural Gas Transmission	Chemical	Corporate	Total
YEAR ENDED DECEMBER 31, 1994					
TOTAL REVENUES	\$ 2,494	\$ 2,135	\$ 4,681	\$ 106	\$ 9,416
Pretax operating profit (loss)(a,b)	\$ 128	\$ 281	\$ 368	\$ (670)	\$ 107
Income taxes	(101)	(5)	(18)	(19)	(143)
NET INCOME (LOSS)	\$ 27(c)	\$ 276(d)	\$ 350(e)	\$ (689)(f)	\$ (36)
Property, plant and equipment additions, net(g)	\$ 789	\$ 93	\$ 190	\$ 2	\$ 1,074
Depreciation, depletion and amortization	\$ 396	\$ 198	\$ 278	\$ 10	\$ 882
TOTAL ASSETS	\$ 4,488	\$ 7,119	\$ 5,935	\$ 447	\$ 17,989
YEAR ENDED DECEMBER 31, 1993					
TOTAL REVENUES	\$ 1,790	\$ 2,619	\$ 4,065	\$ 70	\$ 8,544
Pretax operating profit (loss)(a,b)	\$ 263	\$ 429	\$ 184	\$ (659)	\$ 217
Income taxes	15	(3)	(11)	(144)	(143)
Discontinued operations, net	--	--	--	221	221
Extraordinary gain (loss), net	--	--	--	(12)	(12)
NET INCOME (LOSS)	\$ 278(h)	\$ 426(i)	\$ 173(j)	\$ (594)(k)	\$ 283
Property, plant and equipment additions, net(g)	\$ 772	\$ 65	\$ 166	\$ 4	\$ 1,007
Depreciation, depletion and amortization	\$ 326	\$ 247	\$ 307	\$ 12	\$ 892
TOTAL ASSETS	\$ 3,554	\$ 7,455	\$ 5,780	\$ 334	\$ 17,123
YEAR ENDED DECEMBER 31, 1992					
TOTAL REVENUES	\$ 1,975	\$ 2,808	\$ 4,227	\$ 167	\$ 9,177
Pretax operating profit (loss)(a,b)	\$ 334	\$ 475	\$ 92	\$ (580)(l)	\$ 321
Income taxes	(99)	15	7	(118)	(195)
Discontinued operations, net	--	--	--	(622)	(622)
Extraordinary gain (loss), net	--	--	--	(2)	(2)
Cumulative effect of changes in accounting principles, net	--	--	--	(93)	(93)
NET INCOME (LOSS)(m)	\$ 235(n)	\$ 490(o)	\$ 99(p)	\$ (1,415)	\$ (591)
Property, plant and equipment additions, net(g)	\$ 387	\$ 117	\$ 259	\$ 2	\$ 765
Depreciation, depletion and amortization	\$ 327	\$ 246	\$ 304	\$ (5)	\$ 872
TOTAL ASSETS	\$ 3,337	\$ 7,825	\$ 5,824	\$ 891	\$ 17,877

- (a) Research and development costs were \$22 million in 1994, \$24 million in 1993 and \$28 million in 1992.
- (b) Divisional earnings include charges and credits in lieu of U.S. federal income taxes. In 1994, a credit of \$18 million, a net credit of \$41 million and a credit of \$32 million were allocated to oil and gas, natural gas transmission and chemical, respectively. In 1993, a credit of \$20 million, a net charge of \$16 million and a credit of \$38 million were allocated to oil and gas, natural gas transmission and chemical, respectively. In 1992, the comparable amounts allocated to the divisions were a credit of \$26 million, a net charge of \$40 million and a credit of \$38 million at oil and gas, natural gas transmission and chemical, respectively.
- (c) Includes a \$45 million charge for environmental and litigation matters, a charge of \$11 million for the impairment of oil and gas properties and a \$12 million charge for a voluntary retirement program and severance and related costs, partially offset by a \$16 million gain resulting from the sale of Occidental's remaining interests in its producing operations in Argentina and a \$15 million benefit resulting from the reversal of reserves no longer needed for anticipated liabilities related to the sale of Occidental's U.K. North Sea interests.
- (d) Includes a benefit of \$13 million from a reduction of LIFO gas storage inventory and a net benefit of \$12 million from the reduction of the contract impairment reserve.
- (e) Includes a \$55 million charge for litigation matters, charges of \$48 million for expenses related to the curtailment and closure of certain plant operations and an \$11 million unfavorable impact related to an explosion at the Taft plant and charges for start-up costs related to the Swift Creek chemical plant.
- (f) Includes a net benefit of \$7 million resulting from the reversal of reserves no longer required and the adoption of SFAS No. 112--"Employers' Accounting for Postemployment Benefits."

Footnotes continued on following page.

- (g) Excludes acquisitions of other businesses of \$257 million in oil and gas and \$80 million in chemical in 1994 and 1992, respectively. Includes capitalized interest of \$5 million in 1994, \$11 million in 1993 and \$19 million in 1992.
- (h) Includes a benefit of \$85 million, net of a federal tax charge of \$45 million, resulting from a reversal of foreign tax reserves following the settlement of tax matters with foreign jurisdictions relating to the disposition of certain international oil and gas assets in 1991, a gain of \$30 million from the sale of Occidental's equity interest in Trident, \$25 million from a windfall profit tax refund and \$5 million from a favorable litigation settlement, partially offset by a \$24 million charge for environmental remediation and litigation matters.
- (i) Includes the net benefit of a \$154 million reduction of the contract impairment reserve and an \$8 million reversal of a tax-related reserve no longer required.
- (j) Includes a \$16 million benefit resulting from a reversal of a plant closure reserve no longer deemed necessary.
- (k) Includes a onetime noncash charge of \$55 million to adjust net deferred tax liabilities following the enactment of tax legislation in August 1993, partially offset by \$13 million of interest income related to a windfall profit tax refund.
- (l) Includes a gain of \$128 million resulting from the sale of 12 million shares of CanadianOxy and a \$10 million charge for employee severance costs.
- (m) The segment results do not reflect the cumulative effect of changes in accounting principles resulting from the adoption of SFAS No. 106 and No. 109 of a benefit of \$12 million in oil and gas, a charge of \$513 million in natural gas transmission and a charge of \$36 million in chemical. These amounts are included as a net charge to corporate, which also reflects a net benefit of \$444 million, including a charge of \$235 million related to the discontinued coal operation.
- (n) Includes a gain of \$75 million from the receipt of a contingent payment in connection with the 1985 sale of a subsidiary that owned one half of Occidental's Colombian operations, a benefit of \$35 million from a favorable litigation settlement, a charge of \$26 million to provide for the write-down of certain domestic producing properties and a \$32 million net charge for environmental remediation.
- (o) Includes the net benefit of a \$209 million reduction of the contract impairment reserve and a \$29 million reversal of a tax reserve, partially offset by a \$15 million charge for costs related to a reorganization of the division's operations.
- (p) Includes a charge of \$7 million related to a fire at the Energy from Waste facility.

GEOGRAPHIC AREAS(a,b)
In millions

	United States	Other Western Hemisphere	Eastern Hemisphere and Other	Corporate	Total
	-----	-----	-----	-----	-----
YEAR ENDED DECEMBER 31, 1994					
TOTAL REVENUES	\$ 8,263(c)	\$ 626	\$ 421	\$ 106	\$ 9,416
	=====	=====	=====	=====	=====
Geographic earnings (loss) before taxes	\$ 665	\$ 167	\$ (55)	\$ (670)	\$ 107
Income taxes	(20)	(65)	(39)	(19)	(143)
	-----	-----	-----	-----	-----
NET INCOME (LOSS)	\$ 645	\$ 102	\$ (94)	\$ (689)	\$ (36)
	=====	=====	=====	=====	=====
TOTAL ASSETS	\$ 15,335	\$ 708	\$ 1,499	\$ 447	\$ 17,989
	=====	=====	=====	=====	=====
YEAR ENDED DECEMBER 31, 1993					
TOTAL REVENUES	\$ 7,516(c)	\$ 648	\$ 310	\$ 70	\$ 8,544
	=====	=====	=====	=====	=====
Geographic earnings (loss) before taxes	\$ 754	\$ 210	\$ (88)	\$ (659)	\$ 217
Income taxes	77	(55)	(21)	(144)	(143)
Discontinued operations, net	--	--	--	221	221
Extraordinary gain (loss), net	--	--	--	(12)	(12)
	-----	-----	-----	-----	-----
NET INCOME (LOSS)	\$ 831	\$ 155	\$ (109)	\$ (594)	\$ 283
	=====	=====	=====	=====	=====
TOTAL ASSETS	\$ 15,167	\$ 722	\$ 900	\$ 334	\$ 17,123
	=====	=====	=====	=====	=====
YEAR ENDED DECEMBER 31, 1992					
TOTAL REVENUES	\$ 7,992(c)	\$ 751	\$ 267	\$ 167	\$ 9,177
	=====	=====	=====	=====	=====
Geographic earnings (loss) before taxes	\$ 627	\$ 336	\$ (62)	\$ (580)	\$ 321
Income taxes	22	(71)	(28)	(118)	(195)
Discontinued operations, net	--	--	--	(622)	(622)
Extraordinary gain (loss), net	--	--	--	(2)	(2)
Cumulative effect of changes in accounting principles, net	--	--	--	(93)	(93)
	-----	-----	-----	-----	-----
NET INCOME (LOSS)	\$ 649	\$ 265	\$ (90)	\$ (1,415)	\$ (591)
	=====	=====	=====	=====	=====
TOTAL ASSETS	\$ 15,840	\$ 655	\$ 491	\$ 891	\$ 17,877
	=====	=====	=====	=====	=====

- (a) Included in the consolidated balance sheets were liabilities of approximately \$249 million, \$206 million and \$204 million at December 31, 1994, 1993 and 1992, respectively, which pertained to operations based outside the United States and Canada.
- (b) Investments in foreign countries are subject to the actions of those countries, which could significantly affect Occidental's operations and investments in those countries.
- (c) Includes export sales, consisting principally of chemical products, of approximately \$756 million, \$628 million and \$629 million in 1994, 1993 and 1992, respectively.

NOTE 16 COSTS AND RESULTS OF OIL AND GAS PRODUCING ACTIVITIES

Capitalized costs relating to oil and gas producing activities and related accumulated depreciation, depletion and amortization, which include impairments, were as follows (in millions):

	United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide
	-----	-----	-----	-----
DECEMBER 31, 1994				
Proved properties	\$ 4,566	\$ 1,645	\$ 1,239	\$ 7,450
Unproved properties	96	19	99	214
	-----	-----	-----	-----
TOTAL PROPERTY COSTS(a)	4,662	1,664	1,338	7,664
Support facilities	22	127	51	200
	-----	-----	-----	-----
TOTAL CAPITALIZED COSTS	4,684	1,791	1,389	7,864
Accumulated depreciation, depletion and amortization and valuation provisions	(2,559)	(1,410)	(339)	(4,308)
	-----	-----	-----	-----
NET CAPITALIZED COSTS	\$ 2,125	\$ 381	\$ 1,050	\$ 3,556
	=====	=====	=====	=====
Share of equity investees' net capitalized costs(b)	\$ 56	\$ 61	\$ 206	\$ 323
	=====	=====	=====	=====
DECEMBER 31, 1993				
Proved properties	\$ 4,159	\$ 1,635	\$ 792	\$ 6,586
Unproved properties	85	16	120	221
	-----	-----	-----	-----
TOTAL PROPERTY COSTS(a)	4,244	1,651	912	6,807
Support facilities	20	148	37	205
	-----	-----	-----	-----
TOTAL CAPITALIZED COSTS	4,264	1,799	949	7,012
Accumulated depreciation, depletion and amortization and valuation provisions	(2,389)	(1,407)	(239)	(4,035)
	-----	-----	-----	-----
NET CAPITALIZED COSTS	\$ 1,875	\$ 392	\$ 710	\$ 2,977
	=====	=====	=====	=====
Share of equity investees' net capitalized costs(b)	\$ 57	\$ 66	\$ 230	\$ 353
	=====	=====	=====	=====
DECEMBER 31, 1992				
Proved properties	\$ 4,378	\$ 1,569	\$ 432	\$ 6,379
Unproved properties	102	16	51	169
	-----	-----	-----	-----
TOTAL PROPERTY COSTS(a)	4,480	1,585	483	6,548
Support facilities	23	121	22	166
	-----	-----	-----	-----
TOTAL CAPITALIZED COSTS	4,503	1,706	505	6,714
Accumulated depreciation, depletion and amortization and valuation provisions	(2,479)	(1,376)	(186)	(4,041)
	-----	-----	-----	-----
NET CAPITALIZED COSTS	\$ 2,024	\$ 330	\$ 319	\$ 2,673
	=====	=====	=====	=====
Share of equity investees' net capitalized costs(b)	\$ 56	\$ 72	\$ 127	\$ 255
	=====	=====	=====	=====

(a) Includes leases, exploration costs, lease and well equipment, pipelines and terminals, gas plants and other equipment.
(b) Excludes amounts applicable to synthetic fuels.

Costs incurred relating to oil and gas producing activities, whether capitalized or expensed, were as follows (in millions):

	United States -----	Other Western Hemisphere -----	Eastern Hemisphere and Other -----	Total Worldwide -----
DECEMBER 31, 1994				
Acquisition of properties				
Proved	\$ 268	\$ --	\$ 252	\$ 520
Unproved	24	--	47	71
Exploration costs	31	20	102	153
Development costs	167	85	99	351
	-----	-----	-----	-----
	\$ 490(a)	\$ 105	\$ 500(a)	\$ 1,095
	=====	=====	=====	=====
Share of equity investees' costs	\$ 14	\$ 14	\$ 27	\$ 55
	=====	=====	=====	=====
DECEMBER 31, 1993				
Acquisition of properties				
Proved	\$ 6	\$ --	\$ 198	\$ 204
Unproved	5	--	33	38
Exploration costs	19	16	87	122
Development costs	170	108	175	453
	-----	-----	-----	-----
	\$ 200	\$ 124	\$ 493	\$ 817
	=====	=====	=====	=====
Share of equity investees' costs	\$ 12	\$ 11	\$ 119	\$ 142
	=====	=====	=====	=====
DECEMBER 31, 1992				
Acquisition of properties				
Proved	\$ 24	\$ --	\$ --	\$ 24
Unproved	6	--	14	20
Exploration costs	25	21	76	122
Development costs	162	56	71	289
	-----	-----	-----	-----
	\$ 217	\$ 77	\$ 161	\$ 455
	=====	=====	=====	=====
Share of equity investees' costs	\$ 13	\$ 7	\$ 80	\$ 100
	=====	=====	=====	=====

(a) Amounts exclude the deferred tax effects of \$22 million and \$21 million in the United States and Eastern Hemisphere and Other, respectively, related to the Placid acquisition.

The results of operations of Occidental's oil and gas producing activities, which exclude domestic natural gas liquids operations and items such as asset dispositions, corporate overhead and interest, were as follows (in millions):

	United States	Other Western Hemisphere(a)	Eastern Hemisphere and Other(a)	Total Worldwide
	-----	-----	-----	-----
FOR THE YEAR ENDED DECEMBER 31, 1994				
Revenues				
Sales	\$ 662	\$ 422	\$ 326	\$ 1,410
Intercompany transfers	62	--	--	62
	-----	-----	-----	-----
TOTAL	724	422	326	1,472
Production costs	263	165	86	514
Exploration expenses	20	17	90	127
Other operating expenses	28	93	113	234
Depreciation, depletion and amortization and valuation provisions	220(b)	61	102	383
	-----	-----	-----	-----
PRETAX INCOME (LOSS)	193	86	(65)	214
Income tax expense (benefit)(c)	--	62	39	101
	-----	-----	-----	-----
RESULTS OF OPERATIONS	\$ 193	\$ 24	\$ (104)	\$ 113
	=====	=====	=====	=====
Share of equity investees' results of operations	\$ 4	\$ 7	\$ 17	\$ 28
	=====	=====	=====	=====
FOR THE YEAR ENDED DECEMBER 31, 1993				
Revenues				
Sales	\$ 700	\$ 454	\$ 225	\$ 1,379
Intercompany transfers	65	--	--	65
	-----	-----	-----	-----
TOTAL	765	454	225	1,444
Production costs	267	155	77	499
Exploration expenses	18	16	68	102
Other operating expenses	25	91	105	221
Depreciation, depletion and amortization and valuation provisions	210(b)	52	53	315
	-----	-----	-----	-----
PRETAX INCOME (LOSS)	245	140	(78)	307
Income tax expense (benefit)(c)	(6)	57	21	72
	-----	-----	-----	-----
RESULTS OF OPERATIONS	\$ 251	\$ 83	\$ (99)	\$ 235
	=====	=====	=====	=====
Share of equity investees' results of operations	\$ 5	\$ (1)	\$ (1)	\$ 3
	=====	=====	=====	=====
FOR THE YEAR ENDED DECEMBER 31, 1992				
Revenues				
Sales	\$ 677	\$ 467	\$ 170	\$ 1,314
Intercompany transfers	81	--	--	81
	-----	-----	-----	-----
TOTAL	758	467	170	1,395
Production costs	263	143	42	448
Exploration expenses	25	20	67	112
Other operating expenses	25	96	71	192
Depreciation, depletion and amortization and valuation provisions	228(b)	36	49	313
	-----	-----	-----	-----
PRETAX INCOME (LOSS)	217	172	(59)	330
Income tax expense (benefit)(c)	2	70	28	100
	-----	-----	-----	-----
RESULTS OF OPERATIONS	\$ 215	\$ 102	\$ (87)	\$ 230
	=====	=====	=====	=====
Share of equity investees' results of operations	\$ 7	\$ (1)	\$ --	\$ 6
	=====	=====	=====	=====

- (a) Total includes amounts applicable to operating interests in which Occidental receives an agreed-upon fee per barrel of crude oil produced.
- (b) Includes a credit of \$18 million, \$20 million and \$26 million in 1994, 1993 and 1992, respectively, under the method of allocating amounts in lieu of taxes.
- (c) Excludes U.S. federal income taxes. Foreign income taxes were included in geographic areas on the basis of operating results.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors, Occidental Petroleum Corporation:

We have audited the accompanying consolidated balance sheets of OCCIDENTAL PETROLEUM CORPORATION (a Delaware corporation) and consolidated subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of operations, nonredeemable preferred stock, common stock and other stockholders' equity and cash flows for each of the three years in the period ended December 31, 1994 (included on pages 33 through 59). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Occidental Petroleum Corporation and consolidated subsidiaries as of December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As discussed in Note 4 to the consolidated financial statements, the Company has adopted Statement of Financial Accounting Standards No. 106 and No. 109 effective January 1, 1992.

ARTHUR ANDERSEN LLP
Los Angeles, California
February 3, 1995

1994 QUARTERLY FINANCIAL DATA (Unaudited)
In millions, except per-share amounts

Occidental Petroleum Corporation
and Subsidiaries

Three months ended	March 31	June 30	September 30	December 31
Divisional net sales				
Oil and gas	\$ 484	\$ 561	\$ 741	\$ 665
Natural gas transmission	634	479	461	536
Chemical	989	1,122	1,202	1,364
Other	(1)	--	--	(1)
Net sales	\$ 2,106	\$ 2,162	\$ 2,404	\$ 2,564
Gross profit	\$ 293	\$ 351	\$ 465	\$ 577
Divisional earnings				
Oil and gas	\$ 4	\$ 25	\$ 40	\$ (42)
Natural gas transmission	76	54	53	93
Chemical	22	65	136	127
Unallocated corporate items	102	144	229	178
Interest expense, net	(143)	(142)	(136)	(143)
Income taxes	9	(14)	(64)	(41)
Other	(8)	(7)	(6)	6
Net income (loss)	\$ (40)(a)	\$ (19)(b)	\$ 23(c)	\$ --(d)
Earnings (loss) per common share	\$ (.19)	\$ (.12)	\$.01	\$ (.06)
Dividend per common share	\$.25	\$.25	\$.25	\$.25
Market price per common share				
High	\$ 19 1/8	\$ 20	\$ 22 3/8	\$ 22
Low	\$ 16 1/8	\$ 15 1/8	\$ 18 3/4	\$ 18 3/8

- (a) Includes a \$7 million charge for severance and related costs in the oil and gas division, a charge of \$10 million resulting from an adjustment to the rate MidCon charges its customers and an \$11 million unfavorable impact related to an explosion at the Taft plant and charges for start-up costs related to the Swift Creek chemical plant, partially offset by a net benefit of \$12 million from the reduction of the contract impairment reserve and a net benefit of \$7 million resulting from the reversal of reserves no longer required and the adoption of SFAS No. 112--"Employers' Accounting for Postemployment Benefits."
- (b) Includes a benefit of \$9 million from a reduction of LIFO gas storage inventory and a charge of \$10 million resulting from an adjustment to the rate MidCon charges its customers.
- (c) Includes a \$16 million gain resulting from the sale of Occidental's remaining interests in its producing operations in Argentina and a charge of \$18 million to provide for the closure of the Belle, West Virginia chemical plant.
- (d) Includes a \$45 million charge for environmental and litigation matters, a charge of \$11 million for the impairment of properties, a \$5 million charge for a voluntary retirement program, all in the oil and gas division, a \$55 million charge for litigation matters and a charge of \$30 million for expenses related to the curtailment of certain plant operations, both in the chemical division, partially offset by a benefit of \$20 million resulting from an adjustment to the rate MidCon charges its customers, a benefit of \$4 million from a reduction of LIFO gas storage inventory and a \$15 million benefit resulting from the reversal of reserves no longer needed for anticipated liabilities related to the sale of Occidental's U.K. North Sea interests.

1993 QUARTERLY FINANCIAL DATA (Unaudited)
In millions, except per-share amounts

Occidental Petroleum Corporation
and Subsidiaries

Three months ended	March 31	June 30	September 30	December 31
Divisional net sales				
Oil and gas	\$ 432	\$ 441	\$ 404	\$ 425
Natural gas transmission	699	520	529	630
Chemical	1,041	1,047	987	967
Other	(3)	3	(4)	(2)
Net sales	\$ 2,169	\$ 2,011	\$ 1,916	\$ 2,020
Gross profit	\$ 387	\$ 330	\$ 284	\$ 306
Divisional earnings				
Oil and gas	\$ 53	\$ 130	\$ 19	\$ 76
Natural gas transmission(a)	233	67	52	74
Chemical	54	60	43	16
Unallocated corporate items	340	257	114	166
Interest expense, net	(154)	(120)	(135)	(145)
Income taxes	(102)	(38)	(68)	22
Other	(1)	(24)	(12)	(26)
Income (loss) from continuing operations	83	75	(101)	17
Discontinued operations, net	--	--	181	40
Extraordinary gain (loss), net	(3)	--	(9)	--
Net income (loss)	\$ 80(b)	\$ 75(c)	\$ 71(d)	\$ 57(e)
Earnings per common share				
Income (loss) from continuing operations	\$.26	\$.21	\$ (.36)	\$.02
Discontinued operations, net	--	--	.59	.13
Extraordinary gain (loss), net	(.01)	--	(.03)	--
Earnings (loss) per common share	\$.25	\$.21	\$.20	\$.15
Dividend per common share	\$.25	\$.25	\$.25	\$.25
Market price per common share				
High	\$ 22 5/8	\$ 23 1/2	\$ 21 3/4	\$ 21 1/8
Low	\$ 16 7/8	\$ 19 7/8	\$ 20 1/8	\$ 16 7/8

- (a) Includes net benefits from the reduction of the contract impairment reserve of \$124 million in the first quarter, \$16 million in the second quarter and \$14 million in the third quarter.
- (b) Includes a benefit of \$5 million from a favorable litigation settlement in the oil and gas division.
- (c) Includes a gain of \$30 million from the sale of Occidental's equity interest in Trident and \$25 million from a windfall profit tax refund, both in the oil and gas division, and a benefit of \$13 million for interest income related to the windfall profit tax refund, \$10 million from the reversal of a plant closure reserve no longer deemed necessary and \$8 million from the reversal of a tax-related reserve no longer required.
- (d) Includes an after-tax benefit of \$181 million, reported as discontinued operations, for the reversal of reserves no longer required and for recognizing the effect of the sale of Island Creek, partially offset by a onetime noncash charge of \$55 million to adjust net deferred tax liabilities following the enactment of tax legislation in August 1993 and an \$18 million charge for environmental remediation and litigation matters in the oil and gas division.
- (e) Includes after-tax benefits of \$85 million resulting from a reversal of foreign tax reserves following the settlement of tax matters with foreign jurisdictions relating to the disposition of certain international oil and gas assets in 1991 and \$40 million, reported as discontinued operations, for the reversal of reserves no longer required following the sale of Island Creek and a \$6 million pretax benefit resulting from the reversal of a plant closure reserve no longer deemed necessary, partially offset by a \$6 million charge for environmental remediation and litigation matters in the oil and gas division.

SUPPLEMENTAL OIL AND GAS INFORMATION (Unaudited)

The following tables set forth Occidental's net interests in quantities of proved developed and undeveloped reserves of crude oil, condensate, natural gas liquids and natural gas and changes in such quantities. Crude oil reserves (in millions of barrels) include condensate and natural gas liquids, except for the United States, where crude oil reserves include only condensate. Natural gas reserves (in billions of cubic feet) in the United States are presented on a wet-gas basis (including leasehold natural gas liquids reserves), whereas natural gas reserves in other locations exclude natural gas liquids. The reserves are stated after applicable royalties. Estimates of reserves have been made by Occidental engineers. These estimates include reserves in which Occidental holds an economic interest under service contracts and other arrangements.

RESERVES

Oil in millions of barrels, natural gas in billions of cubic feet

	United States		Other Western Hemisphere		Eastern Hemisphere and Other		Total Worldwide	
	Oil	Gas	Oil(a,b)	Gas(b)	Oil(a)	Gas	Oil	Gas
PROVED DEVELOPED AND UNDEVELOPED RESERVES								
BALANCE AT DECEMBER 31, 1991	190	2,249	394	5	62	124	646	2,378
Revisions of previous estimates	2	86	19	(1)	63	5	84	90
Improved recovery	6	1	--	--	--	--	6	1
Extensions and discoveries	4	92	--	--	10	10	14	102
Purchases of proved reserves	14	10	--	--	10	--	24	10
Sales of proved reserves	(4)	(85)	--	--	--	--	(4)	(85)
Production	(22)	(226)	(39)	--	(10)	(18)	(71)	(244)
BALANCE AT DECEMBER 31, 1992	190	2,127	374	4	135	121	699	2,252
Revisions of previous estimates	6	56	61	--	31	--	98	56
Improved recovery	17	6	--	--	2	--	19	6
Extensions and discoveries	6	160	(5)	--	32	51	33	211
Purchases of proved reserves	4	6	14	--	20	--	38	6
Sales of proved reserves	(7)	(156)	(8)	(1)	--	--	(15)	(157)
Production	(21)	(219)	(41)	--	(17)	(19)	(79)	(238)
BALANCE AT DECEMBER 31, 1993	195	1,980	395	3	203	153	793	2,136
Revisions of previous estimates	3	(5)	68	--	21	--	92	(5)
Improved recovery	10	2	--	--	5	--	15	2
Extensions and discoveries	10	78	22	--	18	27	50	105
Purchases of proved reserves	22	154	--	--	56	193	78	347
Sales of proved reserves	--	(3)	(23)	(3)	--	--	(23)	(6)
Production	(22)	(227)	(44)	--	(21)	(19)	(87)	(246)
BALANCE AT DECEMBER 31, 1994	218	1,979	418	--	282	354	918	2,333
PROPORTIONAL INTEREST IN EQUITY								
INVESTEES' RESERVES								
December 31, 1991	7	52	14	162	30	103	51	317
December 31, 1992	5	33	9	88	25	61	39	182
December 31, 1993	4	35	11	90	29	58	44	183
December 31, 1994	5	32	11	84	25	46	41	162

See footnotes on following page.

RESERVES continued
Oil in millions of barrels, natural gas in billions of cubic feet

	United States		Other Western Hemisphere		Eastern Hemisphere and Other		Total Worldwide	
	Oil	Gas	Oil(a, b)	Gas(b)	Oil(a)	Gas	Oil	Gas
PROVED DEVELOPED RESERVES								
December 31, 1991	166	2,012	291	4	31	45	488	2,061
December 31, 1992	154	1,880	274	4	48	52	476	1,936
December 31, 1993	155	1,792	300	3	103	56	558	1,851
December 31, 1994	169	1,851	258	--	173	264	600	2,115
PROPORTIONAL INTEREST IN EQUITY INVESTEEES' RESERVES								
December 31, 1991	6	39	9	151	1	43	16	233
December 31, 1992	4	25	5	82	1	25	10	132
December 31, 1993	4	27	6	83	27	54	37	164
December 31, 1994	4	27	7	77	24	38	35	142

(a) Portions of these reserves are being produced pursuant to exclusive service contracts.

(b) Proved developed and undeveloped reserves are in Latin America. The majority of the proportional interest in equity investees' reserves is in Canada.

STANDARDIZED MEASURE, INCLUDING YEAR-TO-YEAR CHANGES THEREIN, OF DISCOUNTED FUTURE NET CASH FLOWS For purposes of the following disclosures, estimates were made of quantities of proved reserves and the periods during which they are expected to be produced. Future cash flows were computed by applying year-end prices to Occidental's share of estimated annual future production from proved oil and gas reserves, net of royalties. Future development and production costs were computed by applying year-end costs to be incurred in producing and further developing the proved reserves. Future income tax expenses were computed by applying, generally, year-end statutory tax rates (adjusted for permanent differences, tax credits and allowances) to the estimated net future pretax cash flows. The discount was computed by application of a 10 percent discount factor. The calculations assumed the continuation of existing economic, operating and contractual conditions at each of December 31, 1994, 1993 and 1992, except for an Eastern Hemisphere location where, because of government restrictions on contractual benefits, management has made operating estimates lower than those contractually allowed. However, such arbitrary assumptions have not necessarily proven to be the case in the past. Other assumptions of equal validity would give rise to substantially different results.

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS
In millions

	United States	Other Western Hemisphere(a)	Eastern Hemisphere and Other(a)	Total Worldwide
AT DECEMBER 31, 1994				
Future cash flows	\$ 6,333	\$ 3,769	\$ 4,253	\$ 14,355
Future costs				
Production costs and other operating expenses	(2,557)	(1,830)	(1,748)	(6,135)
Development costs(b)	(560)	(321)	(169)	(1,050)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	3,216	1,618	2,336	7,170
Future income tax expense	(928)	(517)	(138)	(1,583)
FUTURE NET CASH FLOWS	2,288	1,101	2,198	5,587
Ten percent discount factor	(1,004)	(448)	(833)	(2,285)
STANDARDIZED MEASURE	1,284	653	1,365	3,302
Share of equity investees' standardized measure	49	47	258	354
	\$ 1,333	\$ 700	\$ 1,623	\$ 3,656
AT DECEMBER 31, 1993				
Future cash flows	\$ 6,114	\$ 3,320	\$ 2,341	\$ 11,775
Future costs				
Production costs and other operating expenses	(2,423)	(1,919)	(1,374)	(5,716)
Development costs(b)	(446)	(241)	(162)	(849)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	3,245	1,160	805	5,210
Future income tax expense	(1,001)	(338)	(52)	(1,391)
FUTURE NET CASH FLOWS	2,244	822	753	3,819
Ten percent discount factor	(1,049)	(298)	(256)	(1,603)
STANDARDIZED MEASURE	1,195	524	497	2,216
Share of equity investees' standardized measure	57	60	238	355
	\$ 1,252	\$ 584	\$ 735	\$ 2,571
AT DECEMBER 31, 1992				
Future cash flows	\$ 6,377	\$ 4,138	\$ 2,291	\$ 12,806
Future costs				
Production costs and other operating expenses	(2,493)	(1,856)	(1,361)	(5,710)
Development costs(b)	(641)	(277)	(325)	(1,243)
FUTURE NET CASH FLOWS BEFORE INCOME TAXES	3,243	2,005	605	5,853
Future income tax expense	(959)	(763)	(114)	(1,836)
FUTURE NET CASH FLOWS	2,284	1,242	491	4,017
Ten percent discount factor	(1,157)	(442)	(172)	(1,771)
STANDARDIZED MEASURE	1,127	800	319	2,246
Share of equity investees' standardized measure	69	45	176	290
	\$ 1,196	\$ 845	\$ 495	\$ 2,536

(a) Includes amounts applicable to operating interests in which Occidental receives agreed-upon fees per barrel of crude oil produced.

(b) Includes dismantlement and abandonment costs.

CHANGES IN THE STANDARDIZED MEASURE OF DISCOUNTED FUTURE
NET CASH FLOWS FROM PROVED RESERVE QUANTITIES
In millions

For the years ended December 31,	1994	1993	1992
BEGINNING OF YEAR	\$ 2,216	\$ 2,246	\$ 2,196
Sales and transfers of oil and gas produced, net of production costs and other operating expenses	(764)	(735)	(727)
Net change in prices received per barrel, net of production costs and other operating expenses	477	(1,406)	275
Extensions, discoveries and improved recovery, net of future production and development costs	215	535	219
Change in estimated future development costs	(163)	32	(267)
Revisions of quantity estimates	246	549	275
Development costs incurred during the period	328	446	289
Accretion of discount	260	317	301
Net change in income taxes	(108)	256	(78)
Purchases and sales of reserves in place, net	599	(57)	45
Changes in production rates and other	(4)	33	(282)
NET CHANGE	1,086	(30)	50
END OF YEAR	\$ 3,302	\$ 2,216	\$ 2,246

The information set forth below does not include information with respect to operations of equity investees.

The following table sets forth, for each of the three years in the period ended December 31, 1994, Occidental's approximate average sales prices and average production costs of oil and gas. Production costs are the costs incurred in lifting the oil and gas to the surface and include gathering, treating, primary processing, field storage, property taxes and insurance on proved properties, but do not include depreciation, depletion and amortization, royalties, income taxes, interest, general and administrative and other expenses.

AVERAGE SALES PRICES AND AVERAGE PRODUCTION COSTS OF OIL AND GAS

For the years ended December 31,	United States	Other Western Hemisphere(a,b)	Eastern Hemisphere and Other(a)
1994			
Oil			
Average sales price (dollars per barrel)	\$ 14.21	\$ 10.19	\$ 12.08
Gas			
Average sales price (dollars per Mcf)	\$ 1.85	\$ 1.72	\$ 1.15
Average oil and gas production cost (dollars per barrel)(c)	\$ 4.24	\$ 3.66	\$ 3.32
1993			
Oil			
Average sales price (dollars per barrel)	\$ 15.54	\$ 11.51	\$ 11.41
Gas			
Average sales price (dollars per Mcf)	\$ 1.98	\$ 1.80	\$ 1.24
Average oil and gas production cost (dollars per barrel)(c)	\$ 4.42	\$ 3.57	\$ 3.85
1992			
Oil			
Average sales price (dollars per barrel)	\$ 17.60	\$ 12.74	\$ 18.14
Gas			
Average sales price (dollars per Mcf)	\$ 1.61	\$ 1.70	\$ 1.04
Average oil and gas production cost (dollars per barrel)(c)	\$ 4.22	\$ 3.52	\$ 3.86

(a) Sales prices are calculated before royalties with respect to certain of Occidental's interests.

(b) Sales prices include fees received under service contracts.

(c) Gas volumes have been converted to equivalent barrels based on energy content.

The following table sets forth, for each of the three years in the period ended December 31, 1994, Occidental's net productive and dry exploratory and development wells drilled.

NET PRODUCTIVE AND DRY EXPLORATORY AND DEVELOPMENT WELLS DRILLED

For the years ended December 31,		United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide

1994					
Oil--	Exploratory	1.5	--	3.0	4.5
	Development	139.6	10.8	58.6	209.0
Gas--	Exploratory	0.6	--	1.0	1.6
	Development	104.7	--	1.0	105.7
Dry--	Exploratory	3.2	--	12.5	15.7
	Development	19.5	0.9	0.6	21.0

1993					
Oil--	Exploratory	1.0	--	6.0	7.0
	Development	113.2	17.6	25.2	156.0
Gas--	Exploratory	1.9	--	1.1	3.0
	Development	147.0	--	--	147.0
Dry--	Exploratory	3.9	0.4	7.9	12.2
	Development	15.6	--	3.5	19.1

1992					
Oil--	Exploratory	1.5	--	1.6	3.1
	Development	96.9	13.9	13.4	124.2
Gas--	Exploratory	1.4	1.0	0.3	2.7
	Development	87.9	--	--	87.9
Dry--	Exploratory	9.3	0.9	8.3	18.5
	Development	13.4	--	0.2	13.6

The following table sets forth, as of December 31, 1994, Occidental's productive oil and gas wells (both producing wells and wells capable of production). The numbers in parentheses indicate the number of wells with multiple completions.

PRODUCTIVE OIL AND GAS WELLS

Wells at December 31, 1994		United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide

Oil--	Gross(a)	9,200 (51)	1,165	454 (11)	10,819 (62)
	Net(b)	4,797 (25)	746	231 (11)	5,774 (36)
Gas--	Gross(a)	3,481 (57)	--	31	3,512 (57)
	Net(b)	2,397 (37)	--	10	2,407 (37)

- (a) The total number of wells in which interests are owned or which are operated under service contracts.
(b) The sum of fractional interests.

The following table sets forth, as of December 31, 1994, Occidental's participation in exploratory and development wells being drilled.

PARTICIPATION IN EXPLORATORY AND DEVELOPMENT WELLS BEING DRILLED

Wells at December 31, 1994		United States	Other Western Hemisphere	Eastern Hemisphere and Other	Total Worldwide

Exploratory and development wells					
	Gross	54	3	53	110
	Net	30	3	28	61

At December 31, 1994, Occidental was participating in 144 pressure maintenance and waterflood projects in the United States, 11 in Latin America, 11 in the Middle East, 2 in Russia and 2 in Oman.

The following table sets forth, as of December 31, 1994, Occidental's holdings of developed and undeveloped oil and gas acreage.

OIL AND GAS ACREAGE		United	Other	Eastern	Total
Thousands of acres		States	Western	Hemisphere	Worldwide
-----		-----	-----	-----	-----
Developed(a)--	Gross(b)	2,367	139	1,157	3,663
	Net(c)	1,738	125	372	2,235
-----		-----	-----	-----	-----
Undeveloped(d)--	Gross(b)	3,094	5,701	43,588	52,383
	Net(c)	1,589	4,914	21,636	28,139
-----		-----	-----	-----	-----

(a) Acres spaced or assigned to productive wells.

(b) Total acres in which interests are held.

(c) Sum of the fractional interests owned, based on working interests or shares of production, if under production-sharing agreements.

(d) Acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether the acreage contains proved reserves.

LIST OF SUBSIDIARIES

The following is a list of the Registrant and its subsidiaries at December 31, 1994, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary. Unless otherwise indicated, 100 percent of the voting securities of each subsidiary are owned by its immediate parent. Multiple levels of subsidiary relationship are reflected by indentation.

NAME - - - - -	JURISDICTION OF INCORPORATION -----
Occidental Petroleum Corporation	Delaware
MidCon Corp.	Delaware
MidCon Gas Services Corp.	Delaware
MidCon Texas Gas Services Corp.	Delaware
MidCon Texas Pipeline Corp.	Delaware
MidCon NGL Corp.	Delaware
Palo Duro Pipeline Company	Delaware
Natural Gas Pipeline Company of America	Delaware
NGPL-Canyon Compression Co.	Delaware
NGPL Offshore Company	Delaware
NGPL-Trailblazer Inc.	Delaware
Occidental Petroleum Investment Co.	California
Occidental Chemical Holding Corporation	California
Occidental Chemical Europe, S.A.	Belgium
Occidental Quimica do Brasil Ltda.	Brazil
Vulcan Material Plastico S.A.	Brazil
Oxy Chemical Corporation	California
Oxy CH Corporation	California
Occidental Chemical Corporation	New York
B & D Cogen Funding Corp.	Delaware
Interore Corporation	Delaware
Occidental Chemical Chile S.A.I.(a)	Chile
Oxy Carbonate, Inc.	Delaware
Occidental Tower Corporation	Delaware
Oxy Petrochemicals Inc.	Delaware
Oxy VCM Corporation	Delaware
PDG Chemical Inc.	Delaware
Occidental Oil and Gas Corporation	California
Exeter Drilling Company	Nevada
MidCon Exploration Company	Delaware
Occidental Crude Sales, Inc.	Delaware
Occidental International Exploration and Production Company	California
Compania Occidental de Hidrocarburos, Inc.	California
Occidental Congo, Inc.	Delaware
Occidental of Oman, Inc.	Liberia
Occidental of Pakistan, Inc.	California
Occidental of the Republic of Komi, Inc.	Delaware
Occidental of Russia Ltd.	Bermuda
Occidental Peninsula, Inc.	Delaware
Occidental Peruana, Inc.	California

See Notes on following page.

NAME - - - - -	JURISDICTION OF INCORPORATION -----
Occidental Petroleum Corporation (Continued)	
Occidental Petroleum Investment Co. (Continued)	
Occidental Oil and Gas Corporation (Continued)	
Occidental International Exploration and Production Company (Continued)	
Occidental Petroleum (Malaysia) Ltd.	Bermuda
Occidental Petroleum of Qatar Ltd.	Bermuda
Occidental Petroleum (Pakistan), Inc.	Delaware
Occidental Petroleum (South America), Inc.(b)	Delaware
Occidental Exploration and Production Company	California
Occidental Philippines, Inc.	California
Repsol Occidental Corporation(c)	Delaware
Occidental de Colombia, Inc.	Delaware
OXY USA Inc.	Delaware
Occidental Receivables, Inc.	California
Opcal Insurance, Inc.	Hawaii
Oxy Westwood Corporation	California
Placid Oil Company	Delaware
Placid International Oil, Ltd.	Delaware

- (a) One percent owned by D. S. Ventures, Inc., a wholly-owned subsidiary of Occidental Chemical Corporation.
- (b) A 15 percent voting interest was owned by another company at December 31, 1994.
- (c) A 25 percent voting interest was owned by another company at December 31, 1994.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of (a) our report, dated February 3, 1995 appearing in Occidental Petroleum Corporation's Annual Report for the year ended December 31, 1994, and (b) our report, dated February 3, 1995, appearing in Occidental Petroleum Corporation's Annual Report on Form 10-K for the year ended December 31, 1994, into Occidental Petroleum Corporation's previously filed Registration Statements Nos. 33-5487, 33-5490, 33-14662, 33-23798, 33-40054, 33-44791, 33-47636 and 33-60492.

Los Angeles, California
March 16, 1995

ARTHUR ANDERSEN LLP

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 1994, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

YEAR		
DEC-31-1994		
DEC-31-1994		129
	0	
	753	
	17	
	748	
	2,258	23,386
	8,884	
	17,989	
2,201		
	0	6,114
	1,325	
		63
	3,069	
17,989		
		9,236
	9,416	
		6,726
	8,592	
	131	
	0	
	584	
	36	
	143	
(36)		
	0	
	0	
		0
	(36)	
	(.36)	
	(.36)	