UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1996   Commission file number 1-27

TEXACO INC.
(Exact name of the registrant as specified in its charter)

Delaware	74-1383447
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2000 Westchester Avenue White Plains, New York	10650
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (914) 253-4000

Texaco Inc. (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, and (2) HAS BEEN subject to such filing requirements for the past 90 days.

As of October 31, 1996, there were outstanding 264,459,840 shares of Texaco Inc. Common Stock - par value $6.25.

PART I - FINANCIAL INFORMATION

TEXACO INC. AND SUBSIDIARY COMPANIES
STATEMENT OF CONSOLIDATED INCOME
FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995

(Millions of dollars, except per share amounts)

	(Unaudited)			
	For the nine months ended September 30,		For the three months ended September 30,	
	1996	1995(a)	1996	1995(a)
REVENUES				
Sales and services	$31,777	$26,237	$10,901	$ 8,621
Equity in income of affiliates, and income from interest, asset sales and other	852	903	196	193
	32,629	27,140	11,097	8,814
DEDUCTIONS				
Purchases and other costs	24,526	20,062	8,399	6,556
Operating expenses	2,105	2,140	721	713
Selling, general and administrative expenses	1,205	1,159	406	411
Maintenance and repairs	266	272	88	88
Exploratory expenses	243	180	84	66
Depreciation, depletion and amortization	1,068	1,091	364	346
Interest expense	328	365	107	120
Taxes other than income taxes	361	361	129	115
Minority interest	50	43	17	13
	30,152	25,673	10,315	8,428
Income from continuing operations before income taxes and cumulative effect of accounting change	2,477	1,467	782	386
Provision for income taxes	968	488	348	96

Net income from continuing operations before cumulative effect of accounting change	1,509	979	434	290
Cumulative effect of accounting change	-	(121)	-	-
NET INCOME	$ 1,509	$ 858	$ 434	$ 290
Preferred stock dividend requirements	(43)	(46)	(14)	(15)
Net income available for common stock	$ 1,466	$ 812	$ 420	$ 275
Per common share (dollars)				
Net income from continuing operations before cumulative effect of accounting change	$ 5.62	$ 3.60	$ 1.61	$ 1.06
Cumulative effect of accounting change	-	(.47)	-	-
Net income	$ 5.62	$ 3.13	$ 1.61	$ 1.06
Cash dividends paid	$ 2.45	$ 2.40	$ .85	$ .80
Average number of common shares outstanding for computation of earnings per share (thousands)	260,725	259,862	260,758	260,087

(a) Previously reported results for 1995 have been reclassified and restated for the adoption of SFAS 121.

See accompanying notes to consolidated financial statements.

TEXACO INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 1996 AND DECEMBER 31, 1995

(Millions of dollars)

	September 30, 1996 (Unaudited)	December 31, 1995
ASSETS		
Current Assets		
Cash and cash equivalents	$ 903	$ 501
Short-term investments - at fair value	42	35
Accounts and notes receivable, less allowance for doubtful accounts of $36 million in 1996 and $28 million in 1995	4,019	4,177
Inventories	1,526	1,357
Net assets of discontinued operations	-	164
Deferred income taxes and other current assets	204	224
Total current assets	6,694	6,458
Investments and Advances	5,114	5,278
Properties, Plant and Equipment - at cost	32,143	31,492
Less - accumulated depreciation, depletion and amortization	19,097	18,912
Net properties, plant and equipment	13,046	12,580
Deferred Charges	842	621
Total	$25,696	$24,937
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term debt	$ 584	$ 737
Accounts payable and accrued liabilities	3,711	3,777
Estimated income and other taxes	1,024	692
Total current liabilities	5,319	5,206
Long-Term Debt and Capital Lease Obligations	5,044	5,503
Deferred Income Taxes	694	634
Employee Retirement Benefits	1,182	1,138
Deferred Credits and Other Noncurrent Liabilities	2,549	2,270
Minority Interest in Subsidiary Companies	672	667
Total	15,460	15,418
Stockholders' Equity		
Market Auction Preferred Shares	300	300
ESOP Convertible Preferred Stock	479	495
Unearned employee compensation and benefit plan trust	(403)	(437)
Common stock (authorized: 350,000,000 shares, $6.25 par value; 274,293,417 shares issued)	1,714	1,714
Paid-in capital in excess of par value	651	655
Retained earnings	8,027	7,186
Currency translation adjustment	(35)	61
Unrealized net gain on investments	43	62
	10,776	10,036
Less - Treasury stock, at cost	540	517
Total stockholders' equity	10,236	9,519
Total	$25,696	$24,937

See accompanying notes to consolidated financial statements.

TEXACO INC. AND SUBSIDIARY COMPANIES
CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995
(Millions of dollars)

	(Unaudited) For the nine months ended September 30, 1996	1995(a)
OPERATING ACTIVITIES		
Net income	$1,509	$ 858
Reconciliation to net cash provided by (used in) operating activities		
Cumulative effect of accounting change	-	121
Depreciation, depletion and amortization	1,068	1,091
Deferred income taxes	108	71
Exploratory expenses	243	180
Minority interest in net income	50	43
Dividends from affiliates, greater than (less than) equity in income	141	(117)
Gains on asset sales	(49)	(289)
Changes in operating working capital	36	(451)
Other - net	(55)	53
Net cash provided by operating activities	3,051	1,560
INVESTING ACTIVITIES		
Capital and exploratory expenditures	(2,001)	(1,666)
Proceeds from sale of discontinued operations, net of cash and cash equivalents sold	344	-
Proceeds from sales of assets	99	1,043
Sale of leasehold interests	231	214
Purchases of investment instruments	(1,390)	(959)
Sales/maturities of investment instruments	1,436	964
Other - net	21	13
Net cash used in investing activities	(1,260)	(391)
FINANCING ACTIVITIES		
Borrowings having original terms in excess of three months		
Proceeds	125	94
Repayments	(250)	(287)
Net decrease in other borrowings	(481)	(301)
Purchases of common stock	(59)	-
Dividends paid to the company's stockholders		
Common	(638)	(624)
Preferred	(34)	(36)
Dividends paid to minority shareholders	(49)	(46)
Net cash used in financing activities	(1,386)	(1,200)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3)	(13)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	402	(44)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	501	404
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 903	$ 360

(a) Previously reported results for 1995 have been reclassified and restated for the adoption of SFAS 121.

See accompanying notes to consolidated financial statements.

Note 1. Change in Accounting Principle

During 1995, Texaco adopted Statement of Financial Accounting Standards (SFAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". Under SFAS 121, assets whose carrying amounts are not expected to be fully recovered by future use or disposition must be written down to their fair values.

Adoption of SFAS 121 resulted in a non-cash after-tax charge of $639 million against fourth quarter 1995 earnings. Additionally, in accordance with SFAS 121, a $121 million after-tax write-down of non-core domestic producing properties held for sale at January 1, 1995, previously recorded in the first quarter of 1995 in income from continuing operations, was reclassified as a cumulative effect of an accounting change.

Adoption of SFAS 121 by Star Enterprise and the Caltex Group of Companies, each owned 50% by Texaco, had no effect on 1995 net income.

Note 2. Discontinued Operations

On February 29, 1996, Texaco completed the disposition of its operations classified as discontinued operations by completing the sale of its worldwide lubricant additives business, which included manufacturing facilities, as well as sales and marketing offices in various locations in the U.S. and abroad, to Ethyl Corporation, a fuel and lubricant additives manufacturer. Ethyl purchased this business for $196 million, comprised of $136 million in cash and a three-year note of $60 million.

The results for Texaco's worldwide lubricant additives business had been accounted for as discontinued operations and the assets and liabilities had been classified in the Consolidated Balance Sheet at December 31, 1995 as "Net assets of discontinued operations."

Revenues for the discontinued operations totaled $33 million for the first two months of 1996, representing activities through the sale date, and $57 million and $171 million for the third quarter and first nine months of 1995, respectively.

Discontinued operations had no significant impact on the 1996 and 1995 results.

Note 3. Inventories

The inventories of Texaco Inc. and consolidated subsidiary companies were as follows:

	As of September 30, 1996 (Unaudited)	As of December 31, 1995
	(Millions of dollars)	
Crude oil	$ 354	$ 294
Petroleum products and other	972	866
Materials and supplies	200	197
Total	$1,526	$1,357

Note 4. Contingent Liabilities

Information relative to commitments and contingent liabilities of Texaco Inc. and subsidiary companies is presented in Notes 15 and 17, pages 57-58 and 60, respectively, of Texaco Inc.'s 1995 Annual Report to Stockholders. With respect to the Internal Revenue Service (IRS) claims discussed in Note 17, page 60, of Texaco Inc.'s 1995 Annual Report to Stockholders, on October 17, 1996, the United States Court of Appeals for the Fifth Circuit affirmed the 1993 U.S. Tax Court decision in the so-called "Aramco Advantage" case and upheld Texaco's position in this dispute with the IRS. Disposition of the amount remaining in the Deposit Fund and interest will be determined when the IRS has exhausted its legal options.

In the company's opinion, while it is impossible to ascertain the ultimate legal and financial liability with respect to the company's contingent liabilities and commitments, including lawsuits, claims, guarantees, taxes and regulations, the aggregate amount of such liability in excess of financial reserves, together with deposits and prepayments made against disputed tax claims, is not anticipated to be materially important in relation to the consolidated financial position or results of operations of Texaco Inc. and its subsidiaries.

Note 5. Caltex Group of Companies

Summarized unaudited financial information for the Caltex Group of Companies, owned 50% by Texaco and 50% by Chevron Corporation, is presented below and is reflected on a 100% Caltex Group basis:

	For the nine months ended September 30,		For the three months ended September 30,	
	1996	1995	1996	1995
	(Millions of dollars)			
Gross revenues	$13,365	$11,603	$4,205	$3,304
Income before income taxes	$ 1,945	$ 1,034	$ 221	$ 202
Net income	$ 1,082	$ 667	$ 93	$ 87

On April 2, 1996, Caltex Petroleum Corporation ("Caltex") completed the sale of its 50% interest in Nippon Petroleum Refining Company, Limited to its partner Nippon Oil Company for approximately $2 billion. Earnings relating to this sale of some $630 million was recorded by Caltex in the second quarter of 1996.

Net income for the first nine months of 1995 included a first quarter net gain for U.S. financial reporting of $171 million relating to the sale of a portion of land and air utility rights by a Caltex affiliate in Japan required for a public project.

* * * * * * * * * * *

In the preparation of preliminary and unaudited financial statements for the nine-month and three-month periods ended September 30, 1996 and 1995, Texaco's accounting policies have been applied on a basis consistent with the application of such policies in Texaco's financial statements issued in its 1995 Annual Report to Stockholders. In the opinion of Texaco, all adjustments and disclosures necessary to present fairly the results of operations for such periods have been made. These adjustments are of a normal recurring nature. The information is subject to year-end audit by independent public accountants. Texaco makes no forecasts or representations with respect to the level of net income for the year 1996.

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

RESULTS OF OPERATIONS

Total worldwide net income for Texaco Inc. and subsidiary companies for the third quarter of 1996 was $434 million, or $1.61 per share, as compared with $290 million, or $1.06 per share, for the third quarter of 1995. Total net income for the first nine months of 1996 was $1,509 million, or $5.62 per share, as compared with $858 million, or $3.13 per share, for the first nine months of 1995. Both years included special items.

Net income before special items for the first nine months of 1996 totaled $1,285 million, or $4.76 per share. Net income before special items and the cumulative effect of an accounting change for the first nine months of 1995 totaled $785 million, or $2.84 per share. Third quarter 1996 results had no special items. For the third quarter of 1995, net income before special items was $288 million, or $1.05 per share.

Net income for the first nine months of 1996 included a second quarter net special gain of $224 million relating to the sale by Texaco's affiliate Caltex Petroleum Corporation ("Caltex") of its interest in the Nippon Petroleum Refining Company, Limited (NPRC). Net income for the third quarter and first nine months of 1995 included $44 million in tax benefits realizable through the sale of an interest in a subsidiary, a $27 million gain from the sale of Texaco's interest in Pekin Energy Company, special charges of $56 million for the cost of employee separations and $13 million for the restructuring of certain Caltex operations. Net income for the first nine months of 1995 also included first quarter net special gains of $205 million resulting from the sale of non-core U.S. producing properties, partly offset by reserves for environmental remediation of these properties of $13 million, and from the sale of land by a Caltex affiliate in Japan. Nine months 1995 also included a $121 million non-cash charge from the write-down of non-core U.S. producing properties held for sale at January 1, 1995, classified as a cumulative effect of an accounting change in accordance with the 1995 adoption of Statement of Financial Accounting Standards (SFAS) 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

On February 29, 1996, Texaco completed the sale of its worldwide lubricant additives business for $196 million, comprised of $136 million in cash and a three-year note of $60 million. This sale completed the disposition of the operations classified as discontinued operations. Discontinued operations had no significant impact on 1996 and 1995 results.

Results for 1996 and 1995 are summarized in the following table:

	(Unaudited)			
	For the nine months ended September 30,		For the three months ended September 30,	
	1996	1995	1996	1995
	(Millions of Dollars)			
Net income before special items and the cumulative effect of accounting change	$ 1,285	$ 785	$ 434	$ 288
Gain on sale of an interest in an affiliate	224	-	-	-
Gains on major asset sales	-	232	-	27
Tax benefits on asset sales	-	44	-	44
Employee separations costs	-	(56)	-	(56)
Other	-	(26)	-	(13)
Net income before cumulative effect of accounting change	1,509	979	434	290
Cumulative effect of accounting change	-	(121)	-	-
Total net income	$ 1,509	$ 858	$ 434	$ 290

Texaco's higher worldwide crude oil and natural gas production and the continuing strength in commodity prices led the company's strong third quarter and year-to-date results. Texaco has been successful this year in reversing previous production declines from maturing fields and non-core asset sales. The company's success was bolstered by increased production from new fields in the Gulf of Mexico, China and Angola, and improved recovery from existing fields, most notably in the Kern River, Calif., and Partitioned Neutral Zone operations.

In the downstream sector, higher margins, increased branded gasoline sales volumes and better operating performance at the company's refineries, particularly on the West Coast, contributed to improved results in the United States. However, in the international sector, results were lower this year as the effects of intense competitive pressure in Europe and poor margins in the Caltex operating areas more than offset solid results achieved by the company's Latin American marketing operations.

The company has continued its strict commitment to cost containment throughout its worldwide operations as shown by this year's decline in per barrel cash operating expenses. In addition, strong earnings and cash flow, both important measures of the company's plan for growth, enabled Texaco to increase its quarterly dividend rate to $.85 per share in July and to maintain an aggressive capital expenditure program this year. Year-to-date capital expenditures were $2,252 million, up $208 million or 10 percent from last year, with the majority of funds targeted to key upstream opportunities.

OPERATING EARNINGS

PETROLEUM AND NATURAL GAS

EXPLORATION AND PRODUCTION

United States

Exploration and production earnings in the U.S. for the third quarter of 1996 were $262 million, as compared with $162 million for the third quarter of 1995. For the first nine months of 1996 and 1995, earnings were $772 million and $595 million, respectively. Results for 1995 included a first quarter special gain of $125 million principally resulting from the sale of non-core producing properties partly offset by reserves for environmental remediation on these properties of $13 million. Excluding the net special gain, first nine months of 1995 results totaled $483 million.

In the U.S. upstream operations, the strong growth in earnings for both the comparative third quarter and nine months of 1996 resulted from increased crude oil and natural gas production and higher prices. Increased crude oil, natural gas liquids (NGL), and natural gas production, which in total are up 2.5 percent for the year, reflects success in adding new production, most notably from the Gulf of Mexico, and enhancing production from existing fields, primarily in the Kern River, Calif., operations. This new production reverses previous declines from maturing fields and non-core asset sales, and is in contrast to U.S. oil industry statistics which indicate an overall decline in U.S. crude oil production. Increased exploratory expenses for both the third quarter and nine months reflect an increased level of exploration activity, and complement this year's success in acquiring lease acreage and the discovery and development of new prospects.

The Texaco U.S. average natural gas price for the third quarter of 1996 was $.50 per thousand cubic feet (MCF) higher than 1995, while the price for the nine months of 1996 was $.48 per MCF higher than 1995. These price improvements were primarily due to unusually cold weather earlier this year and the resulting increase in industry demand to replenish depleted natural gas storage.

The 1996 average price for Texaco U.S. crude oil was $3.05 and $2.07 per barrel higher for the third quarter and nine months, respectively. These higher prices reflect increased demand combined with historically low inventory levels in 1996 and market uncertainty related to delays in the possible resumption of Iraqi crude sales.

International

Exploration and production earnings outside the U.S. for the third quarter of 1996 were $132 million, as compared with $87 million for the third quarter of 1995. For the first nine months of 1996 and 1995, earnings were $365 million and $253 million, respectively.

In the international upstream, results for both the third quarter and nine months of 1996 benefited from higher crude oil prices. Additionally, crude oil production increased primarily from activity in Angola, China and the Partitioned Neutral Zone, located between Saudi Arabia and Kuwait. In Angola, the production increases were the result of new offshore fields as well as the resumption of onshore production early this year. Production increased in China due to new fields and in the Partitioned Neutral Zone due to continuing development programs. Lower production from maturing fields in the United Kingdom (U.K.) and Australia partly offset overall production improvements for the third quarter and nine months of 1996. Third quarter 1996 natural gas production reflected the continued development of the Dolphin field in Trinidad.

MANUFACTURING, MARKETING AND DISTRIBUTION

United States

Manufacturing, marketing and distribution earnings in the U.S. for the third quarter of 1996 were $94 million, as compared with $59 million for the third quarter of 1995. For the first nine months of 1996 and 1995, earnings were $242 million and $70 million, respectively. Results for 1995 included third quarter special charges of $11 million relating to employee separations. Excluding special charges, results for the third quarter and first nine months of 1995 totaled $70 million and $81 million, respectively.

In the U.S. downstream operations, results for the third quarter and nine months of 1996 benefited primarily from higher West Coast refinery margins as compared to the same period of 1995. Although third quarter 1996 refining margins have steadily deteriorated from their peak in May, they exceeded the depressed levels of the comparable period of 1995.

The significant improvement in West Coast refining margins this year reflected product price increases due to shortages resulting from regional refining problems and new California gasoline formulation requirements during the first half of the year when the seasonal increase in market demand occurred. Improved refinery operations and continued cost containment efforts also contributed to the improved 1996 results.

For the third quarter and nine months of 1996, marketing margins for most refined products were lower than the comparable period of 1995. This was offset partially by the continued strength in gasoline and diesel sales volumes, with Texaco branded gasoline sales up more than three percent for both the comparative third quarter and nine months. Additionally, downstream results for the nine months of 1996 benefited from improved profits in the distribution and transportation businesses, particularly in the second quarter.

International

Manufacturing, marketing and distribution earnings outside the U.S. for the third quarter of 1996 were $37 million, as compared with $16 million for the third quarter of 1995. For the first nine months of 1996 and 1995, earnings were $433 million and $279 million, respectively. Results for the first nine months of 1996 included a second quarter net special gain of $224 million relating to the sale by Caltex of its interest in NPRC. Results for 1995 included a $42 million third quarter special charge relating to employee separations in subsidiary operations and Caltex restructuring charges and first quarter net special gains of $80 million, principally relating to the sale of land by a Caltex affiliate in Japan. Excluding net special gains, first nine months of 1996 earnings totaled $209 million. For the third quarter and first nine months of 1995, results excluding special items totaled $58 million and $241 million, respectively.

In the international downstream, comparative third quarter and nine months 1996 earnings before special items reflected lower margins in both the Europe and Caltex operating areas offset partially by improved results in Brazil from increased volumes and higher product margins.

In Europe, marketing margins were significantly depressed from excess gasoline supply and a highly competitive market, especially in the U.K., and only partially offset by higher refining margins. In the Caltex operating markets, significantly lower margins in Korea and Thailand, primarily due to higher crude costs not fully recovered in the market, were somewhat offset by higher margins in Bahrain and Singapore. Additionally, earnings in Japan were lower as a result of the April 1996 sale of NPRC.

NONPETROLEUM

Nonpetroleum earnings for the third quarter and first nine months of 1996 were $6 million and $11 million, respectively, as compared with $36 million and $47 million for the respective 1995 periods. Third quarter 1995 results included a special gain of $27 million from the sale of the company's interest in Pekin Energy Company. Excluding the special gain, results for the third quarter and first nine months of 1995 totaled $9 million and $20 million, respectively.

Nonpetroleum results for 1996 reflected higher gasification licensing revenues, while 1995 mainly reflected improved loss experience of insurance operations.

CORPORATE/NONOPERATING RESULTS

Corporate and nonoperating charges for the third quarter and first nine months of 1996 were $97 million and $314 million, respectively, as compared with charges of $70 million and $265 million for the respective periods of 1995. Nine months 1995 included first quarter gains of $25 million, principally from sales of equity securities held for investment by the insurance operations. The 1995 third quarter also included a special gain of $44 million related to tax benefits realizable through the sale of an interest in a subsidiary and a special charge of $16 million for employee separations.

On October 17, 1996 the United States Court of Appeals for the Fifth Circuit affirmed the 1993 U.S. Tax Court decision in the so-called "Aramco Advantage" case and upheld Texaco's position in this dispute with the Internal Revenue Service (IRS). A favorable conclusion of this case could result in a significant benefit to net income in 1997.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 1996, Texaco's cash, cash equivalents and short-term investments totaled $945 million, as compared with the 1995 year-end level of $536 million. Texaco's total cash provided by operating activities for the first nine months of 1996 totaled $3.05 billion. Total cash provided by operating activities for 1996 reflected strong operational earnings and a net inflow of $430 million primarily comprised of a cash dividend from Caltex (related to the sale of Caltex' interest in NPRC) and the collection of receivables (primarily insurance recoveries relating to environmental matters) which were partially offset by payments related to litigation and other matters.

During the first nine months of 1996, cash generated from operating activities, proceeds from the sale of discontinued operations (discussed below) and proceeds from normal asset sales were used to support Texaco's capital and exploratory expenditures of $2,001 million, for payment of dividends to common, preferred and minority shareholders of $721 million, and for the reduction of debt.

Total debt at September 30, 1996 amounted to $5.6 billion as compared with $6.2 billion at year-end 1995. Texaco's ratio of total debt to total borrowed and invested capital was 34.0% at September 30, 1996, as compared with 38.0% at year-end 1995. At September 30, 1996, Texaco's long-term debt included $688 million of debt scheduled to mature within one year, which the company has both the intent and the ability to refinance on a long-term basis. The company maintained a revolving credit facility with commitments of $2.0 billion, which was unused at both September 30, 1996 and at year-end 1995. In November 1996, the company decreased the amount of this credit facility to $1.5 billion, which remains unused.

During the first nine months of 1996, Texaco received $231 million from the sale of certain equipment leasehold interests in conjunction with a sale/leaseback arrangement. In the aggregate, through September 30, 1996, Texaco has received $479 million for these interests. Additional payments are expected to be received over the remainder of 1996. The company expects to repurchase the total interests, in early 1997, after the related equipment is placed in service.

During the first quarter of 1996, Texaco sold its worldwide lubricant additive business for $196 million, comprised of $136 million in cash and a three-year note of $60 million. Also during the first quarter of 1996, Texaco received $208 million from the prepayment of the note received as part of the consideration for the 1994 sale of Texaco Chemical Company and related international chemical operations to Huntsman Corporation.

During 1995, Texaco announced a stock repurchase program to buy up to $500 million of its common stock through open market or privately negotiated transactions. Subject to market conditions and applicable regulatory requirements, the stock repurchase program is expected to be completed in 1997.

The sale of a 15% interest in the company's Captain Field in the U.K. North Sea to Korea Petroleum Development Corporation for approximately $210 million is expected to be completed in early 1997.

In the third quarter of 1996, Texaco increased its quarterly dividend on its common stock to 85 cents per share from 80 cents per share, an increase of 6.25 percent.

On October 17, 1996 the United States Court of Appeals for the Fifth Circuit affirmed the 1993 U.S. Tax Court decision in the so-called "Aramco Advantage" case and upheld Texaco's position in this dispute with the IRS. In March 1988, prior to the commencement of the Tax Court action, Texaco, as a condition of its emergence from Chapter 11 proceedings, made certain cash deposits to the IRS in contemplation of potential tax claims. The remaining portion of these deposits, together with interest, currently exceed $700 million. Disposition of the deposits and interest will be determined when the IRS has exhausted its legal options. A favorable conclusion of this case could result in the receipt of a significant portion of the deposits and interest in 1997.

The company considers its financial position sufficient to meet its anticipated future financial requirements.

EMPLOYEE SEVERANCE PROGRAM

On July 5, 1994, Texaco announced its plan for growth which included a series of action steps to increase competitiveness and profitability. This program also called for reductions in overhead, including reduced layers of supervision, and improvements in operating efficiencies. Implementation of Texaco's program was expected to result in the reduction of approximately 2,500 employees worldwide by June 30, 1995, involving U.S. and international upstream and downstream segments, as well as various support staff functions. During the second quarter of 1994, Texaco recorded an after-tax charge of $88 million for the anticipated severance costs associated with the employee reductions. As a result of the continued successful application of its overhead reduction initiative, on October 2, 1995, Texaco announced that it had expanded this program to include approximately 1,500 additional employee separations worldwide by year-end 1996. In this regard, in the third quarter of 1995, Texaco recorded an after-tax charge of $56 million for the cost of these additional employee separations.

As of September 30, 1996, implementation of Texaco's program has included reductions of approximately 4,400 employees worldwide with a related commitment to severance payments of $209 million, or an after-tax cost of $143 million. Of this pre-tax commitment, payments of $189 million have been made as of September 30, 1996.

CAPITAL AND EXPLORATORY EXPENDITURES

Capital and exploratory expenditures for continuing operations, including equity in such expenditures of affiliates, were $2,252 million for the first nine months of 1996, as compared with $2,044 million for the same period of 1995. Expenditures for the third quarter of 1996 amounted to $815 million versus $772 million for the third quarter of 1995.

Increased U.S. exploration and development expenditures during 1996 reflect solid opportunities in traditional offshore and key deepwater areas of the Gulf of Mexico. Texaco continued its aggressive acquisition of acreage at the latest Gulf of Mexico lease sale, adding to significant deepwater acreage acquired at the federal lease sale earlier this year. Progress on design and construction for the Petronius deepwater project continued during the third quarter.

Aggressive international upstream investment also continued this year as increased expenditures focused in Colombia, Australia, Nigeria, the Partitioned Neutral Zone and Denmark, while development work continues in the Captain and Erskine Fields in the U.K. North Sea and in Indonesia.

Comparative downstream expenditure levels decreased due to the completion of major refinery construction projects in Thailand and Singapore by Caltex and the completion of refinery upgrades in the U.S. and Panama. Increased investments in 1996 relating to the Poseidon oil pipeline, which will service new deepwater and subsalt oil production from the central Gulf of Mexico as well as selected worldwide marketing investments particularly in Latin American growth areas and by Caltex in Singapore, partially offset the decrease in refinery spending.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to the discussion of Contingent Liabilities in Note 4 to the Consolidated Financial Statements of this Form 10-Q, Item 1 of Texaco Inc.'s Forms 10-Q for the quarterly periods ended March 31, 1996 and June 30, 1996 and to Item 3 of Texaco Inc.'s 1995 Annual Report on Form 10-K, which are incorporated herein by reference.

In addition, in March 1994 six current or former employees filed a purported class action against the company in the United States District Court for the Southern District of New York (District Court) alleging race discrimination against African-American employees, principally with respect to promotions. The District Court referred the matter to the Equal Employment Opportunity Commission, which found some disparity in promotions in some pay grades for some periods of time between African-American employees and other employees. In November 1996, the plaintiffs filed in the District Court a motion for sanctions alleging that Texaco concealed or withheld documents requested by the plaintiffs. A hearing on that motion is scheduled for November 22, 1996.

On November 6, 1996, a purported derivative action was filed in the District Court against Texaco Inc., as nominal defendant, its directors, and certain current and former officers and employees. The suit alleges, among other things, that the directors violated their fiduciary duties as a result of alleged discriminatory employment practices, discovery abuses and violations of law by the company. The suit seeks, among other things, the formation of an equal opportunity committee and an oversight and litigation committee of the Board, damages in the form of restitution of all costs and expenses to the company resulting from the alleged violations, fees and expenses.

In addition, the company has received a subpoena from the office of the United States Attorney for the Southern District of New York requesting the production of documents related to the foregoing matters.

Item 5. Other Information

	(Unaudited)			
	For the nine months ended September 30,		For the three months ended September 30,	
	1996	1995(a)	1996	1995(a)
	(Millions of dollars)			
FUNCTIONAL NET INCOME				
Operating earnings from continuing operations before cumulative effect of accounting change Petroleum and natural gas				
Exploration and production				
United States	$ 772	$ 595	$ 262	$ 162
International	365	253	132	87
Total	1,137	848	394	249
Manufacturing, marketing and distribution				
United States	242	70	94	59
International	433	279	37	16
Total	675	349	131	75
Total petroleum and natural gas	1,812	1,197	525	324
Nonpetroleum	11	47	6	36
Total operating earnings	1,823	1,244	531	360
Corporate/Nonoperating	(314)	(265)	(97)	(70)
Net income from continuing operations before cumulative effect of accounting change	1,509	979	434	290
Cumulative effect of accounting change	-	(121)	-	-
Net income	$1,509	$ 858	$ 434	$ 290
CAPITAL AND EXPLORATORY EXPENDITURES - INCLUDING EQUITY IN AFFILIATES				
Exploration and production				
United States	$ 894	$ 619	$ 273	$ 232
International	762	727	312	289
Total	1,656	1,346	585	521
Manufacturing, marketing and distribution				
United States	234	263	78	96
International	345	415	144	147
Total	579	678	222	243
Other	17	20	8	8
Total	2,252	2,044	815	772
Discontinued operations	-	2	-	1
Total, including equity in affiliates	$2,252	$2,046	$ 815	$ 773

(a) Previously reported results for 1995 have been reclassified and restated for the adoption of SFAS 121.

	(Unaudited)			
	For the nine months ended September 30,		For the three months ended September 30,	
	1996	1995	1996	1995
OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES				
Exploration and Production				
United States				
Net production of crude oil and natural gas liquids (000 BPD)	388	381	393	373
Net production of natural gas - available for sale (000 MCFPD)	1,680	1,627	1,708	1,618
Total net production (000 BOEPD)	668	652	678	643
Natural gas sales (000 MCFPD)	3,100	3,162	3,059	3,046
Natural gas liquids sales - (including purchased LPGs) (000 BPD)	208	214	191	207
Average U.S. crude (per bbl)	$17.24	$15.17	$17.93	$14.88
Average U.S. natural gas (per mcf)	$ 2.08	$ 1.60	$ 2.02	$ 1.52
Average WTI (Spot) (per bbl)	$21.30	$18.52	$22.41	$17.85
Average Kern (Spot) (per bbl)	$14.92	$13.90	$14.41	$13.84
International				
Net production of crude oil and natural gas liquids (000 BPD)				
Europe	115	117	115	118
Indonesia	143	149	146	153
Partitioned Neutral Zone	75	56	79	63
Other	62	55	65	56
Total	395	377	405	390
Net production of natural gas - available for sale (000 MCFPD)				
Europe	182	210	162	172
Colombia	117	118	124	117
Other	66	52	77	46
Total	365	380	363	335
Total net production (000 BOEPD)	456	440	466	446
Natural gas sales (000 MCFPD)	456	434	450	398
Natural gas liquids sales - (including purchased LPGs) (000 BPD)	95	79	74	86
Average International crude (per bbl)	$18.64	$16.32	$19.43	$15.45
Average U.K. natural gas (per mcf)	$ 2.56	$ 2.63	$ 2.55	$ 2.55
Average Colombia natural gas (per mcf)	$ .94	$ .87	$ .97	$ .92

	(Unaudited)			
	For the nine months ended September 30,		For the three months ended September 30,	
	1996	1995	1996	1995
OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES				
Manufacturing, Marketing and Distribution				
United States				
Refinery input (000 BPD)				
Subsidiary	405	391	417	406
Affiliate - Star Enterprise	320	300	325	297
Total	725	691	742	703
Refined product sales (000 BPD)				
Gasolines	499	448	515	458
Avjets	127	89	122	94
Middle Distillates	214	193	217	195
Residuals	65	53	70	66
Other	133	130	132	129
Total	1,038	913	1,056	942
International				
Refinery input (000 BPD)				
Europe	336	284	334	312
Affiliate - Caltex	368	441	340	451
Latin America/West Africa	64	37	68	43
Total	768	762	742	806
Refined product sales (000 BPD)				
Europe	453	453	431	487
Affiliate - Caltex	602	645	555	622
Latin America/West Africa	397	356	408	353
Other	61	75	39	54
Total	1,513	1,529	1,433	1,516

Item 6. Exhibits and Reports on Form 8-K
- --

(a) Exhibits

-- (3.2) Copy of By-Laws of Texaco Inc., as amended to and including September 27, 1996.

-- (11) Computation of Earnings Per Share of Common Stock of Texaco Inc. and Subsidiary Companies.

-- (12) Computation of Ratio of Earnings to Fixed Charges of Texaco on a Total Enterprise Basis.

-- (20) Copy of Texaco Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1995 (including portions of Texaco Inc.'s Annual Report to Stockholders for the year 1995) and a copy of Texaco Inc.'s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1996 and June 30, 1996, as previously filed by the Registrant with the Securities and Exchange Commission, File No. 1-27.

-- (27) Financial Data Schedule.

(b) Reports on Form 8-K:

During the third quarter of 1996, the Registrant filed a Current Report on Form 8-K for the following event:

1. July 22, 1996 (date of earliest event reported: July 22, 1996)

Item 5. Other Events -- reported that Texaco issued an Earnings Press Release for the second quarter 1996. Texaco appended as an exhibit thereto a copy of the Press Release entitled "Texaco Reports Results for the Second Quarter and First Half 1996," dated July 22, 1996.

SIGNATURES

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

Texaco Inc.
(Registrant)

By: R.C. Oelkers
(Vice President and Comptroller)

By: R.E. Koch
(Assistant Secretary)

Date: November 13, 1996

EXHIBIT 3.2

BY-LAWS OF TEXACO INC.

A Delaware Corporation

ARTICLE I.

Stockholders.

Section 1. Annual Meeting.The annual meeting of stockholders shall be held on the second Tuesday in May of each year at 10:00 A.M., or at such time of day or on such other date in each calendar year as may be fixed by the Board of Directors, for the election of directors and the transaction of any other business as may properly come before the meeting.

Section 2. Stockholder Action; Special Meetings.Any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of stockholders of the Company may be called only by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors.

Section 3. Notice of Meetings.Notice of each meeting of stockholders, annual or special, stating the time and place, and, if a special meeting, the purpose or purposes in general terms, shall be mailed no earlier than 60 days and no later than 10 days prior to the meeting to each stockholder at the stockholders address as the same appears on the books of the Company.

Section 4. Place.Meetings of the stockholders shall be held at such place or places as the Board of Directors may direct, the place to be specified in the notice.

Section 5. Quorum. At any meeting of stockholders, the holders of a majority of the voting shares issued and outstanding, being present in person or represented by proxy, shall be a quorum for all purposes, except where otherwise provided by statute.

Section 6. Adjournments.Any annual or special meeting of stockholders duly and regularly called in accordance with these by-laws may adjourn one or more times and no further notice of such adjourned meeting or meetings shall be necessary. If at any annual or special meeting of stockholders a quorum shall fail to attend in person or by proxy, a majority in interest of the stockholders attending in person or by proxy may adjourn the meeting to another time, or to another time and place, and there may be successive adjournments for like cause and in like manner without further notice until a quorum shall attend. Any business may be transacted at any such adjourned meeting or meetings which might have been transacted at the meeting as originally called.

Section 7. Organization.The Chairman of the Board, or, in his absence, the Vice Chairman, or, in their absence, the President, or, in their absence, one of the Executive Vice Presidents, or, in their absence, one of the Senior Vice Presidents, or, in their absence, a Vice President appointed by the stockholders, shall call meetings of the stockholders to order and shall act as chairman thereof. The Secretary of the Company, if present, shall act as secretary of all meetings of the stockholders; and, in his absence, the presiding officer may appoint a secretary.

Section 8. Voting.At each meeting of the stockholders, every stockholder of record (at the closing of the transfer books if closed) shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such stockholder or by his duly authorized attorney and delivered to and filed with the Secretary at the meeting; and each stockholder shall have one vote for each share of stock standing in his name. Voting for directors, and upon any question at any meeting, shall be by ballot, if demanded by any stockholder.

Section 9. List of Stockholders.The Secretary shall keep records from which a list of stockholders can be compiled, and shall furnish such list upon order of the Board of Directors.

ARTICLE II.

The Board of Directors.

Section 1. Number, Election and Terms. Except as otherwise fixed by or pursuant to the provisions of Article IV of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, the number of the directors of the Company shall be fixed from time to time by the Board of Directors but shall not be less than three. The directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as determined by the Board of Directors, one class to be originally elected for a term expiring at the annual meeting of stockholders to be held in 1985, another class to be originally elected for a term expiring

at the annual meeting of stockholders to be held in 1986, and another class to be originally elected for a term expiring at the annual meeting of stockholders to be held in 1987, with each class to hold office until its successor is elected and qualified. At each annual meeting of the stockholders of the Company, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

Section 2. Newly Created Directorships and Vacancies. Except as otherwise provided for or fixed by or pursuant to the provisions of Article IV of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, newly created directorships resulting from any increases in the number of directors or any vacancies on the Board of Directors resulting from death, resignation or disqualification, or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director so elected shall stand for election (for the balance of his term) at the next annual meeting of stockholders, unless his term expires at such Annual Meeting. Any vacancy on the Board of Directors resulting from removal by stockholder vote shall be filled only by the vote of a majority of the voting power of all shares of the Company entitled to vote generally in the election of Directors, voting together as a single class. The affirmative vote of the holders of at least a majority of the then outstanding shares of capital stock of the Company voting generally in the election of Directors, voting together as a single class, shall be required to repeal the foregoing provisions.

Section 3. Removal.Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect Directors under specified circumstances, any director may be removed from office, with or without cause, only by the affirmative vote of the holders of 66-2/3% of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of Directors, voting together as a single class.

Section 4. Nominations.Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of Directors may be made by the Board of Directors or a proxy committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of Directors generally. However, any stockholder entitled to vote in the election of Directors generally may nominate one or more persons for election as Directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Company not later than (i) with respect to an election to be held at an annual meeting of stockholders, 90 days in advance of such meeting, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of Directors, the close of business on the seventh day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a director of the Company if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

Section 5. Organization Meeting of the Board.At the last regular meeting of the Board of Directors prior to each annual meeting of stockholders, the Board of Directors shall establish its organization, elect and appoint officers and appoint committee members. Such action may also be taken at another place and time fixed by written consent of the Directors.

Section 6. Regular Meetings. Regular meetings of the Board are fixed and may be held without notice at the office of the Company in Harrison, New York on the fourth Friday in each month at 9:00 A.M., or at such other time and place, either within or without the State of Delaware, as the Board may provide by resolution, without other notice than such resolution. If less than a quorum is present at any meeting time and place, those present may adjourn from time to time until a quorum shall be present, but if there shall be no quorum prior to another regular meeting time, then such meetings of less than a quorum need not be recorded.

Section 7. Special Meetings.Special meetings of the Board shall be held whenever called by the Chairman of the Board, or, in his absence, by the Vice Chairman of the Board, or, in their absence, by the President, or by one-third of the Directors then in office. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Delaware, as the place for holding any special meeting.

Unless otherwise specified in the notice thereof, any business may be transacted at a special meeting.

Section 8. Notice of Special Meetings.The Secretary shall mail to each director notice of any special meeting at least two days before the meeting, or shall telegraph or telephone such notice not later than the day before the meeting. When all Directors are present, any business may be transacted without any previous notice. Any director may waive notice of any meeting.

Section 9. Quorum.A majority of the total number of Directors, or half of the total number when the number of Directors then in office is even, shall constitute a quorum for the transaction of business, and a majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn the same from time to time, as provided in these by-laws.

Section 10. Chairman.At all meetings of the Board, the Chairman of the Board, or, in his absence, the Vice Chairman of the Board, or, in their absence, the President, or, in their absence, a chairman chosen by the Directors present, shall preside.

Section 11. Action without Meeting.A statement in writing, signed by all members of the Board of Directors or the Executive Committee, shall be deemed to be action by the Board or Committee, as the case may be, to the effect therein expressed, and it shall be the duty of the Secretary to record such statement in the minute books of the Company under its proper date.

ARTICLE III.
Executive Committee and Other Committees.

Section 1. Executive Committee.The Board of Directors shall appoint an Executive Committee of seven or more members to serve during the pleasure of the Board to consist of the Chairman of the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board, the President, and such additional Directors as the Board may from time to time designate.

Section 2. The Chairman of the Executive Committee.The Chairman of the Executive Committee shall be designated by the Board of Directors and shall be a member of the Board and of the Executive Committee. He shall preside at meetings of the Executive Committee, and shall do and perform such other things as may from time to time be assigned to him by the Board of Directors.

Section 3. Vacancies.Vacancies in the Executive Committee shall be filled by the Board.

Section 4. Executive Committee to Report.All action by the Executive Committee shall be reported promptly to the Board and such action shall be subject to review by the Board, provided that no rights of third parties shall be affected by such review.

Section 5. Procedure.The Executive Committee, by a vote of a majority of all of its members, shall fix its own times and places of meeting, shall determine the number of its members constituting a quorum for the transaction of business, and shall prescribe its own rules of procedure, no change in which shall be made save by a majority vote of all of its members.

Section 6. Powers.During the intervals between the meetings of the Board, the Executive Committee shall possess and may exercise all the powers of the Board in the management and direction of the business and affairs of the Company, except those which by applicable statute are reserved to the Board of Directors.

Section 7. Other Committees.From time to time the Board may appoint other committees, and they shall have such powers as shall be specified in the resolution of appointment.

ARTICLE IV.
Officers.

Section 1. Number.The Board of Directors shall elect the executive officers of the Company which may include a Chairman of the Board, one or more Vice Chairmen of the Board, a President, one or more Vice Presidents (one or more of whom may be designated as Executive Vice Presidents or as Senior Vice Presidents or by other designations), a General Counsel, a Secretary, a Treasurer, a Comptroller, and a General Tax Counsel. A person may at the same time hold, exercise and perform the powers and duties of more than one executive officer position. In addition to the executive officers, the Board may appoint one or more Assistant Secretaries, Assistant Treasurers and Assistant Comptrollers and such other officers or agents as the Board may from time to time deem necessary or desirable. All officers and agents shall perform the duties and exercise the powers usually incident to the offices or positions held by them, those prescribed by these by-laws, and those assigned to them from time to time by the Board or by the Chief Executive Officer.

Section 2. The Chairman of the Board.The Chairman of the Board shall be a member of the Board of Directors and of the Executive Committee. He shall preside at meetings of the stockholders and of the Directors, and shall keep in close touch with the administration of the affairs of the Company, shall advise and counsel with the Vice Chairman of the Board and the President, and with other executives of the Company and shall do and perform such other duties as may from time to time be assigned to him by the Board of Directors or by the Executive Committee.

Section 3. The Vice Chairman of the Board.The Vice Chairman of the Board shall be a member of the Board of Directors and the Executive Committee. He shall keep in close touch with the administration of the affairs of the Company, shall advise and counsel with the Chairman of the Board and the President, and with other executives of the Company, and shall do and perform such other duties as may from time to time be assigned to him by the Board of Directors or the Executive Committee.

Section 4. The President.The President shall be a member of the Board of Directors and of the Executive Committee. He shall keep in close touch with the administration of the affairs of the Company, shall advise and counsel with the Chairman of the Board and the Vice Chairman of the Board and with other executives of the Company, and shall do and perform such other duties as may from time to time be assigned to him by the Board of Directors or the Executive Committee. In the absence of the Chairman of the Board, he shall preside at meetings of the stockholders and of the Directors.

Section 5. The Chief Executive Officer.Either the Chairman of the Board, or the President, as the Board of Directors may designate, shall be the Chief Executive Officer of the Company. The officer so designated shall have, in addition to the powers and duties applicable to the office set forth in either Section 2 or 4 of this Article IV, general active supervision over the business and affairs of the Company and over its several officers, agents, and employees, subject, however, to the direction and control of the Board or the Executive Committee. The Chief Executive Officer shall see that all orders and resolutions of the Board or the Executive Committee are carried into effect, and, in general, shall perform all duties incident to the position of Chief Executive Officer and such other duties as may from time to time be assigned by the Board or the Executive Committee.

Section 6. The Executive Vice Presidents. The Executive Vice Presidents shall keep in touch with the administration of the affairs of the Company, shall advise and counsel with the Chairman of the Board, the Vice Chairman of the Board and with the President and with other executives of the Company, and shall do and perform such other duties as from time to time may be assigned to them by the Board of Directors, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board, or the President. In the absence of the Chairman of the Board, the Vice Chairman of the Board and the President, the Senior Executive Vice President shall preside at meetings of the stockholders.

Section 7. The Senior Vice Presidents.Each Senior Vice President shall have such powers as may be conferred upon him by the Board of Directors, and shall perform such duties as from time to time may be assigned to him by the Board of Directors, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board, or the President.

Section 8. The Vice Presidents.Each Vice President shall have such powers as may be conferred upon him by the Board of Directors, and shall perform such duties as from time to time may be assigned to him by the Board of Directors, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board, or the President.

Section 9. The General Counsel.The General Counsel shall have charge of all the legal affairs of the Company and shall exercise supervision over its contract relations.

Section 10. The Secretary.The Secretary shall keep the minutes of all meetings of the stockholders and the Board of Directors in books provided for the purpose. He shall attend to the giving and serving of all notices for the Company. He shall sign with the Chairman of the Board, the Vice Chairman of the Board, the President, and Executive Vice President, a Senior Vice President, or a Vice President, such contracts as may require his signature, and shall in proper cases affix the seal of the Company thereto. He shall have charge of the certificate books and such other books and papers as the Board of Directors may direct. He shall sign with the Chairman of the Board, the President, or a Vice President certificates of stock, and he shall in general perform all the duties incident to the Office of Secretary, subject to the control of the Board, and shall perform such other duties as from time to time may be assigned to him by the Board of Directors, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board, or the President. Any Assistant Secretary may, in his own name, perform any duty of the Secretary, when so requested by the Secretary or in the absence of that officer, and may perform such duties as may be prescribed by the Board. In the absence of the Secretary and of all Assistant Secretaries, minutes of any meetings may be kept by a Secretary pro tem, appointed for that purpose by the presiding officer.

Section 11. The Treasurer.The Treasurer shall have charge and custody of and be responsible for all the funds and securities of the Company, and may invest the same in any securities as may be permitted by law; designate depositories in which all monies and other valuables to the credit of the Company may be deposited; render to the Board, or any committee designated by the Board, whenever the Board or such committee may require, an account of all transactions as Treasurer; and in general perform all the duties of the office of Treasurer and such other duties as from time to time may be assigned by the Chairman of the Board, the Vice Chairman of the Board, the

President, the officer of the Company who may be designated Chief Financial Officer, and the Board of Directors. In case one or more Assistant Treasurers be appointed, the Treasurer may delegate to them the authority to perform such duties as the Treasurer may determine.

Section 12. The Comptroller.The Comptroller shall be the principal accounting officer of the corporation; shall have charge of the Company's books of accounts, records and auditing, shall ensure that the necessary internal controls exist within the Company to provide reasonable assurance that the Company's assets are safeguarded and that financial records are maintained and publicly disclosed in accordance with generally accepted accounting principles; and in general perform all the duties incident to the office of Comptroller and such other duties as from time to time may be assigned by the Chairman of the Board, the Vice Chairman of the Board, the President, the officer of the Company who may be designated Chief Financial Officer, and the Board of Directors. In case one or more Assistant Comptrollers be appointed, the Comptroller may delegate to them such duties as the Comptroller may determine.

Section 13. The General Tax Counsel.The General Tax Counsel shall have charge of all the tax affairs of the Company.

Section 14. Tenure of Officers: Removal.All officers elected or appointed by the Board shall hold office until their successor is elected or appointed and qualified, or until their earlier resignation or removal. All such officers shall be subject to removal, with or without cause, at any time by the affirmative vote of a majority of the whole Board.

ARTICLE V.
Indemnification.

Section 1. Right to Indemnification. The Company shall indemnify, defend and hold harmless 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, investigative or other, including appeals, by reason of the fact that he is or was a director, officer or employee of the Company, or is or was serving at the request of the Company as a director, officer or employee of any corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer or employee or in any other capacity while serving as a director, officer or employee, to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said Law permitted the Company to provide prior to such amendment) against all expenses, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith; provided, however, that except as provided in Section 2 hereof with respect to proceedings seeking to enforce rights to indemnification, the Company shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the Board of Directors of the Company.

The right to indemnification conferred in this Article shall be a contract right and shall include the right to be paid by the Company expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that if required by law at the time of such payment, the payment of such expenses incurred by a director or officer in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding, shall be made only upon delivery to the Company of an undertaking, by or on behalf of such director or officer to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Section or otherwise. "Employee", as used herein, includes both an active employee in the Company's service as well as a retired employee who is or has been a party to a written agreement under which he might be, or might have been obligated to render services to the Company.

Section 2. Right of Claimant to Bring Suit. If a claim under Section 1 is not paid in full by the Company within sixty days or, in cases of advances of expenses, twenty days, after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the Company) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Company to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its Board of Directors, independent legal counsel or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant had not met the applicable standard of conduct. The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Article that the procedures and presumptions of this Article are not valid, binding and enforceable and shall stipulate in any such proceeding that the Company is bound by all the provisions of this Article.

Section 3. Non-Exclusivity and Survival. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article (a) shall apply to acts or omissions antedating the adoption of this by-law, (b) shall be severable, (c) shall not be exclusive of other rights to which any director, officer or employee may now or hereafter be entitled, (d) shall continue as to a person who has ceased to be such director, officer or employee and (e) shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE VI.
Capital Stock.

Section 1. Form and Execution of Certificates. The certificates of shares of the capital stock of the Company shall be in such form as shall be approved by the Board. The certificates shall be signed by the Chairman of the Board, the President, or a Vice President, and the Secretary or an Assistant Secretary.

Section 2. Certificates to be Entered.Certificates shall be consecutively numbered, and the names of the owners, the number of shares and the date of issue, shall be entered in the books of the Company.

Section 3. Old Certificates to be Canceled.Except in the case of lost or destroyed certificates, and in that case only upon performance of such conditions as the Board may prescribe, no new certificate shall be issued in lieu of a former certificate until such former certificate shall have been surrendered and canceled.

Section 4. Transfer of Shares.Shares shall be transferred only on the books of the Company by a holder thereof in person or by his attorney appointed in writing, upon the surrender and cancellation of certificates for a like number of shares.

Section 5. Regulations. The Board may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates of stock of the Company.

Section 6. Registrar. The Board may appoint a registrar of transfers and may require all certificates to bear the signature of such registrar.

Section 7. Closing of Transfer Books. If deemed expedient by the Board, the stock books and transfer books may be closed for the meetings of the stockholders, or for other purposes, during such periods as from time to time may be fixed by the Board, and during such periods no stock shall be transferable on said books.

Section 8. Dates of Record. If deemed expedient by the Board, the Directors may fix in advance, a date, not exceeding 60 days preceding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, and in such case only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Company after any such record date fixed as aforesaid.

Section 9. Rights to Purchase Securities. The Company shall not, without either the prior approval of a majority of the total number of shares then issued and outstanding and entitled to vote or the receipt by the Company of a favorable opinion issued by a nationally recognized investment banking firm designated by the Committee of Equity Security Holders of Texaco Inc. appointed in the Company's jointly administered chapter 11 case in the United States Bankruptcy Court for the Southern District of New York or its last chairman (or his designee) to the effect that the proposed issuance is fair from a finance point of view to the stockholders of the Company issue to its stockholders generally (i) any warrant or other right to purchase any security of the Company, any successor thereto or any other person or entity or (ii) any security of the Company containing any such right to purchase, which warrant, right or security (a) is exercisable, exchangeable or convertible, based or conditioned in whole or in part on (I) a change of control of the Company or (II) the owning or holding of any number or percentage of outstanding shares or voting power or any offer to acquire any number of shares or percentage of voting power by any entity, individual or group of entities and/or individuals or (b) discriminates among holders

* 6 *

of the same class of securities (or the class of securities for which such warrant or right is exercisable or exchangeable) of the Company or any successor thereto. The affirmative vote of the holders of at least a majority of the then outstanding shares of capital stock of the Company voting generally in the election of Directors, voting together as a single class, shall be required to repeal the foregoing provisions.

ARTICLE VII.
Fair Price.

A. Vote Required for Certain Business Combinations.

1. Higher Vote for Certain Business Combinations.In addition to any affirmative vote required by law or the Certificate of Incorporation, and except as otherwise expressly provided in Section B of this Article VII:

a. any merger or consolidation of the Company or any Subsidiary (as hereinafter defined) with (i) any Interested Stockholder (as hereinafter defined) or (ii) any other person (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

b. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Company or any Subsidiary having an aggregate Fair Market Value of $100 million or more; or

c. the issuance or transfer by the Company or any Subsidiary (in one transaction or a series of transactions) of any securities of the Company or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of $100 million or more; or

d. the adoption of any plan or proposal for the liquidation or dissolution of the Company proposed by or on behalf of an Interested Stockholder or any Affiliate of any Interested Stockholder; or

e. any reclassification of securities (including any reverse stock split), or recapitalization of the Company, or any merger or consolidation of the Company with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Company or any Subsidiary which is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder;

shall require the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of capital stock of the Company entitled to vote generally in the election of Directors (the "Voting Stock"), voting together as a single class (it being understood that for purposes of this Article VII, each share of the Voting Stock shall have the number of votes granted to it pursuant to Article IV of the Certificate of Incorporation). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

2. Definition of "Business Combination". The term "Business Combination" as used in this Article VII shall mean any transaction which is referred to in any one or more of clauses (a) through (e) of paragraph 1 of this Section A.

B. When Higher Vote is Not Required.The provisions of Section A of this Article VII shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any provision of the Certificate of Incorporation, if all of the conditions specified in either of the following paragraphs 1 and 2 are met:

1. Approval by Disinterested Directors.The Business Combination shall have been approved by a majority of the Disinterested Directors (as hereinafter defined).

2. Price and Procedure Requirements.All of the following conditions shall have been met:

a. The aggregate amount of the cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following:

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of Common Stock acquired by it (a) within the two-year period immediately prior to the first publication announcement of the proposal of the Business Combination (the "Announcement Date") or (b) in the transaction in which it became an Interested Stockholder, whichever is higher; and

(ii) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Stockholder became an Interested Stockholder (such latter date is referred to in this Article VII as the "Determination Date"), whichever is higher.

b. The aggregate amount of the cash to be received per share by holders of shares of any other class of outstanding Voting Stock shall be at least equal to the highest of the following (it being intended that the requirements of this paragraph 2b shall be required to be met with respect to every class of outstanding Voting Stock, whether or not the Interested Stockholder has previously acquired any shares of a particular class of Voting Stock):

(i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers fees) paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it (a) within the two-year period immediately prior to the Announcement Date or (b) in the transaction in which it became an Interested Stockholder, whichever is higher;

(ii) (if applicable) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company; and

(iii) the Fair Market Value per share of such class of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher.

c. The consideration to be received by holders of a particular class of outstanding Voting Stock (including Common Stock) shall be in cash. The price determined in accordance with paragraphs 2a and 2b of this Section B shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

d. After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination: (i) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on the outstanding Preferred Stock; (ii) there shall have been (a) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Disinterested Directors, and (b) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock unless the failure so to increase such annual rate is approved by a majority of the Disinterested Directors; and (iii) such Interested Stockholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder.

e. After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Company, whether in anticipation of or in connection with such Business Combination or otherwise.

f. A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public stockholders of the Company at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

C. Vote Required for Certain Stock Repurchases. In addition to any other requirement of the Certificate of Incorporation, the affirmative vote of the holders of at least 50% of the Voting Stock (other than Voting Stock beneficially owned by a Selling Stockholder (as hereinafter defined)), shall be required before the Company purchases any outstanding shares of Common Stock at a price above the Market Price (as hereinafter defined) from a person actually known by the Company to be a Selling Stockholder, unless the purchase is made by the Company (a) on the same terms and as a result of an offer made generally to all holders of Common Stock or (b) pursuant to statutory appraisal rights.

D. Certain Definitions. For the purpose of this Article VII:

1. A "person" shall mean any individual, firm, corporation or other entity.

2. "Interested Stockholder" shall mean any person (other than the Company or any Subsidiary) who or which:

a. is the beneficial owner, directly or indirectly, of more than 20% of the voting power of the outstanding Voting Stock; or

b. is an Affiliate of the Company and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 20% or more of the voting power of the then outstanding Voting Stock; or

c. is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

3. A person shall be a "beneficial owner" of any Voting Stock:

a. which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns directly or indirectly; or

b. which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding; or

c. which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

4. For the purposes of determining whether a person is an Interested Stockholder pursuant to paragraph 2 of this Section D, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph 3 of this Section D but shall not include any other shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

5. "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1988.

6. "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Company; provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph 2 of this Section D, the term Subsidiary shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Company.

7. "Disinterested Director" means any member of the Board of Directors who is unaffiliated with the Interested Stockholder and was a member of the Board of Directors prior to the time that the Interested Stockholder became an Interested Stockholder, and any successor of a Disinterested Director who is unaffiliated with the Interested Stockholder and is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board of Directors.

8. "Fair Market Value" means (a) in the case of the stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for the New York Stock Exchange-Listed Stocks, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by the Board of Directors in good faith; and (b) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Disinterested Directors.

9. "Selling Stockholder" means any person who or which is the beneficial owner of in the aggregate more than 1% of the outstanding shares of Common Stock and who or which has purchased or agreed to purchase any of such shares within the most recent two-year period and who sells or proposes to sell Common Stock in a transaction requiring the affirmative vote provided for in Section C of this Article VII.

10. "Market Price" means the highest sale price on or during the period of five trading days immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stock, or if such stock is not quoted on the Composite Tape on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of stock on or during the period of five trading days immediately preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Disinterested Directors.

E. Powers of the Board of Directors. A majority of the Directors shall have the power and duty to determine for the purposes of this Article VII, on the basis of information known to them after reasonable inquiry, (1)whether a person is an Interested Stockholder, (2) the number of shares of Voting Stock beneficially owned by any person, (3) whether a person is an Affiliate or Associate of another,(4) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the Company or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of $100 million or more. A majority of the Directors shall have the further power to interpret all of the terms and provisions of this Article VII.

F. No Effect on Fiduciary Obligations of Interested Stockholders.Nothing contained in this Article VII shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

G. Amendment, Repeal, etc. Notwithstanding any other provisions of the Certificate of Incorporation or these by-laws (and notwithstanding the fact that a lesser percentage may be specified by law, the Certificate of Incorporation or these by-laws) the affirmative vote of the holders of at least a majority of then outstanding shares of capital stock of the Company voting generally in the election of Directors, voting together as a single class shall be required to repeal the foregoing provisions of this Article VII.

ARTICLE VIII.
Seal.

The seal of the Company shall be in circular form containing the name of the Company around the margin, with a five pointed star in the center embodying a capital "T".

ARTICLE IX.
By-Law Amendments.

Subject to the provisions of the Certificate of Incorporation, these by-laws may be altered, amended or repealed at any regular meeting of the stockholders (or at any special meeting thereof duly called for that purpose) by a majority vote of the shares represented and entitled to vote at such meeting; provided that in the notice of such special meeting notice of such purpose shall be given. Subject to the laws of the State of Delaware, the Certificate of Incorporation and these by-laws, the Board of Directors may by majority vote of those present at any meeting at which a quorum is present amend these by-laws, or enact such other by-laws as in their judgment may be advisable for the regulation of the conduct of the affairs of the Company.

I, ...R.E. Koch........................ Assistant Secretary of Texaco Inc., a Delaware corporation, do hereby certify that the above and foregoing is a true and correct copy of the by-laws of said Company as amended to September 27, 1996, and now in effect.

Dated Harrison, N.Y ......November 13......, 1996.. .....R.E. Koch........
Assistant Secretary

EXHIBIT 11

TEXACO INC. AND SUBSIDIARY COMPANIES
COMPUTATION OF EARNINGS PER SHARE OF COMMON STOCK
FOR THE NINE AND THREE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995

(Millions of dollars, except per share amounts)

	(Unaudited)			
	For the nine months ended September 30,		For the three months ended September 30,	
Primary Net Income Per Common Share	1996	1995	1996	1995
Net income from continuing operations before cumulative effect of accounting change	$ 1,509	$ 979	$ 434	$ 290
Cumulative effect of accounting change	-	(121)	-	-
Net income	1,509	858	434	290
Less: Preferred stock dividend requirements	(43)	(46)	(14)	(15)
Primary net income available for common stock	$ 1,466	$ 812	$ 420	$ 275
Average number of primary common shares outstanding for computation of earnings per share (thousands)	260,725	259,862	260,758	260,087
Primary net income per common share	$ 5.62	$ 3.13	$ 1.61	$ 1.06
Fully Diluted Net Income Per Common Share				
Net income	$ 1,509	$ 858	$ 434	$ 290
Less: Preferred stock dividend requirements of non-dilutive and anti-dilutive issues and adjustments to net income associated with dilutive securities	(18)	(18)	(6)	(6)
Fully diluted net income	$ 1,491	$ 840	$ 428	$ 284
Average number of primary common shares outstanding for computation of earnings per share (thousands)	260,725	259,862	260,758	260,087
Additional shares outstanding assuming full conversion of dilutive convertible securities into common stock (thousands):				
Convertible debentures	146	147	145	146
Convertible Preferred Stock				
Series B ESOP	9,447	9,883	9,348	9,790
Series F ESOP	589	663	580	660
Other	62	52	117	52
Average number of fully diluted common shares outstanding for computation of earnings per share (thousands)	270,969	270,607	270,948	270,735
Fully diluted net income per common share	$ 5.50	$ 3.10	$ 1.58	$ 1.05

EXHIBIT 12

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
OF TEXACO ON A TOTAL ENTERPRISE BASIS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND
FOR EACH OF THE FIVE YEARS ENDED DECEMBER 31, 1995 (a)

(Millions of dollars)

	For the Nine Months Ended September 30, 1996	Years Ended December 31, 1995	1994	1993	1992	1991
Income from continuing operations, before provision or benefit for income taxes and cumulative effect of accounting changes effective 1-1-92 and 1-1-95	$2,881	$1,201	$1,409	$1,392	$1,707	$1,744
Dividends from less than 50% owned companies more or (less) than equity in net income	(5)	1	(1)	(8)	(9)	5
Minority interest in net income	50	54	44	17	18	16
Previously capitalized interest charged to income during the period	20	33	29	33	30	23
Total earnings	2,946	1,289	1,481	1,434	1,746	1,788
Fixed charges:						
Items charged to income:						
Interest charges	414	614	594	546	551	644
Interest factor attributable to operating lease rentals	82	110	118	91	94	76
Preferred stock dividends of subsidiaries guaranteed by Texaco Inc	27	36	31	4	-	-
Total items charged to income	523	760	743	641	645	720
Interest capitalized	12	28	21	57	109	80
Interest on ESOP debt guaranteed by Texaco Inc	7	14	14	14	18	26
Total fixed charges	542	802	778	712	772	826
Earnings available for payment of fixed charges (Total earnings + Total items charged to income)	$3,469	$2,049	$2,224	$2,075	$2,391	$2,508
Ratio of earnings to fixed charges of Texaco on a total enterprise basis	6.41	2.55	2.86	2.91	3.10	3.04

(a) Excludes discontinued operations.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TEXACO INC.'S THIRD QUARTER 1996 FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000097349
TEXACO INC.
1,000,000

9-MOS
DEC-31-1996
JAN-1-1996
SEP-30-1996
903
42
4,055
36
1,526
6,694
32,143
19,097
25,696
5,319
5,044
0
611
1,590
8,035
25,696
31,777
32,629
24,526
26,631
3,193
0
328
2,477
968
1,509
0
0
0
1,509
5.62
5.50