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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, 2000 Commission file number 1-27

Texaco Inc.
(Exact name of the registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

74-1383447
(I.R.S. Employer
Identification No.)

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

10650
(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, 2000, there were 550,145,641 shares outstanding of Texaco Inc. Common Stock - par value \$3.125.

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TEXACO INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD
ENDED SEPTEMBER 30, 2000

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PART I - FINANCIAL INFORMATION

TEXACO INC.
CONSOLIDATED STATEMENTS OF INCOME

(Millions of dollars, except per share data)

	(Unaudited)			
	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
REVENUES				
Sales and services	\$35,889	\$24,502	\$13,027	\$ 9,472
Equity in income of affiliates, interest, asset sales and other	810	634	332	205
	-----	-----	-----	-----
	36,699	25,136	13,359	9,677
	-----	-----	-----	-----
DEDUCTIONS				
Purchases and other costs	28,306	19,254	10,251	7,448
Operating expenses	1,935	1,653	667	544
Selling, general and administrative expenses	904	871	323	270
Exploratory expenses	219	282	106	72
Depreciation, depletion and amortization	1,231	1,082	356	356
Interest expense	345	369	114	124
Taxes other than income taxes	284	211	90	63
Minority interest	89	62	32	27
	-----	-----	-----	-----
	33,313	23,784	11,939	8,904
	-----	-----	-----	-----
Income before income taxes	3,386	1,352	1,420	773
Provision for income taxes	1,389	493	622	386
	-----	-----	-----	-----
NET INCOME	\$ 1,997	\$ 859	\$ 798	\$ 387
	=====	=====	=====	=====
PER COMMON SHARE				
Basic net income	\$ 3.66	\$ 1.56	\$ 1.47	\$ 0.71
Diluted net income	\$ 3.65	\$ 1.56	\$ 1.46	\$ 0.71
Cash dividends paid	\$ 1.35	\$ 1.35	\$ 0.45	\$ 0.45

See accompanying notes to consolidated financial statements.

TEXACO INC.
CONSOLIDATED BALANCE SHEETS

(Millions of dollars)

	September 30, 2000 (Unaudited)	December 31, 1999
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 212	\$ 419
Short-term investments - at fair value	66	29
Accounts and notes receivable, less allowance for doubtful accounts of \$23 million in 2000 and \$27 million in 1999	5,148	4,060
Inventories	1,381	1,182
Deferred income taxes and other current assets	402	273
Total current assets	7,209	5,963
Investments and Advances	6,733	6,426
Properties, Plant and Equipment - at cost	33,916	36,527
Less - Accumulated Depreciation, Depletion and Amortization	18,268	20,967
Net properties, plant and equipment	15,648	15,560
Deferred Charges	1,078	1,023
Total	\$30,668	\$28,972
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term debt	\$ 831	\$ 1,041
Accounts payable and accrued liabilities		
Trade liabilities	3,068	2,585
Accrued liabilities	1,195	1,203
Income and other taxes	1,300	839
Total current liabilities	6,394	5,668
Long-Term Debt and Capital Lease Obligations	6,527	6,606
Deferred Income Taxes	1,540	1,468
Employee Retirement Benefits	1,183	1,184
Deferred Credits and Other Non-current Liabilities	1,162	1,294
Minority Interest in Subsidiary Companies	717	710
Total	17,523	16,930
Stockholders' Equity		
Market auction preferred shares	300	300
Common stock (authorized: 850,000,000 shares, \$3.125 par value; 567,576,504 shares issued)	1,774	1,774
Paid-in capital in excess of par value	1,285	1,287
Retained earnings	11,000	9,748
Unearned employee compensation and benefit plan trust	(307)	(306)
Accumulated other comprehensive income (loss)		
Currency translation adjustment	(99)	(99)
Minimum pension liability adjustment	(27)	(23)
Unrealized net gain on investments	7	3
Total	(119)	(119)
Less - Common stock held in treasury, at cost	13,933	12,684
Total stockholders' equity	13,145	12,042
Total	\$30,668	\$28,972

See accompanying notes to consolidated financial statements.

TEXACO INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of dollars)

	(Unaudited)	
	For the nine months ended September 30,	
	2000	1999
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,997	\$ 859
Reconciliation to net cash provided by (used in) operating activities		
Depreciation, depletion and amortization	1,231	1,082
Deferred income taxes	94	3
Exploratory expenses	219	282
Minority interest in net income	89	62
Dividends from affiliates, greater than equity in income	28	25
Gains on asset sales	(128)	(70)
Changes in operating working capital	(622)	(290)
Other - net	(29)	(66)
	-----	-----
Net cash provided by operating activities	2,879	1,887
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital and exploratory expenditures	(2,340)	(1,729)
Proceeds from asset sales	571	306
Purchases of investment instruments	(261)	(406)
Sales/maturities of investment instruments	242	685
Collection of note from U.S. affiliate	--	101
Other - net	--	(23)
	-----	-----
Net cash used in investing activities	(1,788)	(1,066)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings having original terms in excess of three months		
Proceeds	764	2,086
Repayments	(2,071)	(763)
Net increase (decrease) in other borrowings	1,015	(1,395)
Purchases of common stock	(167)	--
Dividends paid to the company's stockholders		
Common	(733)	(719)
Preferred	(13)	(26)
Dividends paid to minority stockholders	(85)	(31)
	-----	-----
Net cash used in financing activities	(1,290)	(848)
CASH AND CASH EQUIVALENTS		
Effect of exchange rate changes on cash and cash equivalents	(8)	(29)
	-----	-----
Decrease during period	(207)	(56)
Beginning of year	419	249
	-----	-----
End of period	\$ 212	\$ 193
	=====	=====

See accompanying notes to consolidated financial statements.

TEXACO INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of dollars)

	(Unaudited)			
	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
NET INCOME	\$1,997	\$ 859	\$ 798	\$ 387
Other comprehensive income (loss), net of tax				
Currency translation adjustment	--	10	--	10
Minimum pension liability adjustment	(4)	--	--	--
Unrealized net gain (loss) on investments	4	(27)	3	(5)
	-----	-----	-----	-----
	--	(17)	3	5
COMPREHENSIVE INCOME	\$1,997	\$ 842	\$ 801	\$ 392
	=====	=====	=====	=====

TEXACO INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Preparing Interim Financial Statements

The accompanying unaudited consolidated interim financial statements of Texaco Inc. have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. We have condensed or omitted from these financial statements certain footnotes and other information included in our 1999 Annual Report on Form 10-K. You should read these unaudited condensed financial statements in conjunction with our 1999 Annual Report. Certain prior period amounts have been reclassified to conform to current year presentation. All dollar amounts are in millions, unless otherwise noted.

We have consistently applied the accounting policies described in our 1999 Annual Report on Form 10-K in preparing the unaudited financial statements for the nine-month and three-month periods ended September 30, 2000 and 1999. We have made all adjustments and disclosures necessary, in our opinion, to present fairly our results of operations, financial position and cash flows for such periods. These adjustments were of a normal recurring nature. The information is subject to year-end audit by independent public accountants.

The results for the interim periods are not necessarily indicative of trends or future financial results.

Note 2. Net Income Per Common Share

	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
	(Unaudited)			
Basic Net Income Per Common Share:				
Net income	\$ 1,997	\$ 859	\$ 798	\$ 387
Less: Preferred stock dividends	11	26	4	3
Net income available for common stock	\$ 1,986	\$ 833	\$ 794	\$ 384
Weighted average shares outstanding (thousands)	542,760	532,534	541,611	543,671
Basic net income per common share (dollars)	\$ 3.66	\$ 1.56	\$ 1.47	\$ 0.71
Diluted Net Income Per Common Share:				
Net income available for common stock	\$ 1,986	\$ 833	\$ 794	\$ 384
Adjustment for the dilutive effect of stock-based compensation	3	3	1	1
Income for diluted earnings per share	\$ 1,989	\$ 836	\$ 795	\$ 385
Weighted average shares outstanding (thousands)	542,760	532,534	541,611	543,671
Dilutive effect of stock-based compensation (thousands)	1,612	2,674	1,614	2,672
Weighted average shares outstanding for diluted computation (thousands)	544,372	535,208	543,225	546,343
Diluted net income per common share (dollars)	\$ 3.65	\$ 1.56	\$ 1.46	\$ 0.71

Note 3. Segment Information

	For the nine months ended September 30,								
	2000				1999				
	Sales and Services		After Tax		Sales and Services		After Tax		
Outside	Inter- Segment	Total Profit	(Loss)	Outside	Inter- Segment	Total Profit	(Loss)		
(Unaudited)									
Exploration and production									
United States	\$ 2,662	\$1,453	\$ 4,115	\$1,126	\$ 1,434	\$1,100	\$ 2,534	\$ 444	
International	2,723	1,104	3,827	849	1,770	600	2,370	189	
Refining, marketing and distribution									
United States	4,268	145	4,413	140	2,461	12	2,473	204	
International	21,442	272	21,714	202	15,761	57	15,818	377	
Global gas and power	4,786	155	4,941	33	3,068	82	3,150	13	
Segment totals	\$35,881	\$3,129	39,010	2,350	\$24,494	\$1,851	26,345	1,227	
Other business units			21	(6)			27	(3)	
Corporate/Non-operating			4	(347)			5	(365)	
Intersegment eliminations			(3,146)	--			(1,875)	--	
Consolidated			\$35,889	\$1,997			\$24,502	\$ 859	

For the nine months ended September 30,

	2000				1999			
	Sales and Services		After Tax		Sales and Services		After Tax	
	Outside	Inter-Segment	Total	Profit (Loss)	Outside	Inter-Segment	Total	Profit (Loss)
	(Unaudited)							
Exploration and production								
United States	\$ 980	\$ 529	\$ 1,509	\$479	\$ 608	\$434	\$1,042	\$258
International	1,054	420	1,474	295	748	306	1,054	129
Refining, marketing and distribution								
United States	1,501	39	1,540	77	1,021	5	1,026	118
International	7,591	81	7,672	61	5,905	34	5,939	6
Global gas and power	1,899	74	1,973	13	1,189	35	1,224	6
Segment totals	<u>\$13,025</u>	<u>\$1,143</u>	<u>14,168</u>	<u>925</u>	<u>\$9,471</u>	<u>\$814</u>	<u>10,285</u>	<u>517</u>
Other business units			6	(4)			7	(1)
Corporate/Non-operating			1	(123)			1	(129)
Intersegment eliminations			(1,148)	--			(821)	--
Consolidated			<u>\$13,027</u>	<u>\$798</u>			<u>\$9,472</u>	<u>\$387</u>

	Assets as of	
	September 30, 2000	December 31, 1999
	(Unaudited)	
Exploration and production		
United States	\$ 8,409	\$ 8,696
International	6,296	5,333
Refining, marketing and distribution		
United States	3,523	3,714
International	9,133	8,542
Global gas and power	1,946	1,297
Segment totals	<u>29,307</u>	<u>27,582</u>
Other business units	355	365
Corporate/Non-operating	1,383	1,430
Intersegment eliminations	(377)	(405)
Consolidated	<u>\$30,668</u>	<u>\$28,972</u>

Note 4. Inventories

The inventory accounts of Texaco are presented below:

	As of	
	September 30, 2000 ----- (Unaudited)	December 31, 1999 -----
Crude oil	\$ 175	\$ 141
Petroleum products and other	1,028	857
Materials and supplies	178	184
	-----	-----
Total	\$1,381 =====	\$1,182 =====

Note 5. Investments in Significant Equity Affiliates

U.S. Downstream Alliances

Summarized unaudited financial information for Equilon, owned 44% by Texaco and 56% by Shell Oil Company, is presented below on a 100% Equilon basis:

	For the nine months ended September 30, -----		For the three months ended September 30, -----	
	2000	1999	2000	1999
	-----	-----	-----	-----
Gross revenues	\$33,615	\$19,756	\$12,429	\$ 8,404
Income before income taxes	\$ 207	\$ 378	\$ 189	\$ 330

The following table presents summarized unaudited financial information for Motiva on a 100% Motiva basis. Motiva is owned by Texaco, Saudi Refining, Inc. (a corporate affiliate of Saudi Aramco) and Shell Oil Company. Under the terms of the Limited Liability Agreement for Motiva, the ownership in Motiva is subject to annual adjustment through year-end 2005, based on the performance of the assets contributed to Motiva. Accordingly, the initial ownership in Motiva was adjusted effective as of January 1, 2000, so that currently, Texaco and Saudi Refining, Inc. each own just under 31% and Shell owns just under 39% of Motiva. These ownership percentages will be effective through year-end 2000. The Agreement provides that a final ownership percentage will be calculated at the end of 2005.

	For the nine months ended September 30, -----		For the three months ended September 30, -----	
	2000	1999	2000	1999
	-----	-----	-----	-----
Gross revenues	\$14,299	\$8,339	\$5,162	\$3,374
Income before income taxes	\$ 369	\$ 67	\$ 152	\$ 47

We record income tax effects applicable to our share of Equilon's and Motiva's pre-tax results in our consolidated financial statements, since Equilon and Motiva are limited liability companies.

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 on a 100% Caltex Group basis:

	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
Gross revenues	\$14,034	\$10,185	\$5,129	\$4,048
Income before income taxes	\$ 782	\$ 666	\$ 299	\$ 148
Net income	\$ 378	\$ 378	\$ 148	\$ 35

Note 6. Commitments and Contingencies

Information relative to commitments and contingent liabilities of Texaco is presented in Note 15, Other Financial Information, Commitments and Contingencies, pages 54-55, of our 1999 Annual Report.

It is impossible for us to determine the ultimate legal and financial liability with respect to contingencies and commitments. However, we do not anticipate that the aggregate amount of such liability in excess of accrued liabilities will be materially important in relation to our consolidated financial position or results of operations.

Note 7. Subsequent Event

On October 15, 2000, Texaco and Chevron Corporation entered into a merger agreement providing for Texaco's merger with a Chevron subsidiary. In the merger, Texaco shareholders will receive .77 shares of Chevron common stock for each share of Texaco common stock they own, and Chevron shareholders will retain their existing shares.

The merger is conditioned, among other things, on the approval by the shareholders of both companies, pooling accounting treatment for the merger and regulatory approvals of government agencies, such as the U.S. Federal Trade Commission (FTC). Texaco and Chevron anticipate that the FTC will require certain divestitures in the U.S. downstream in order to address market concentration issues, and the companies intend to cooperate with the FTC in this process. In that regard, Texaco is in discussions with our partners in the U.S. downstream.

For additional information regarding the merger, refer to the Current Report on Form 8-K we filed with the U.S. Securities and Exchange Commission on October 16, 2000.

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

RESULTS OF OPERATIONS

The following table provides a summary of Texaco's net income and income before special items for the third quarter and first nine months of 2000 and 1999. All dollar amounts are in millions, unless otherwise noted.

	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
	----	----	----	----
	(Unaudited)			
Income before special items	\$2,058	\$ 844	\$ 815	\$453
Per share (dollars)	\$ 3.76	\$1.53	\$1.49	\$.83
Net income	\$1,997	\$ 859	\$ 798	\$387
Per share (dollars)	\$ 3.65	\$1.56	\$1.46	\$.71

We posted record earnings in the third quarter, due largely to sharply higher worldwide crude oil and U.S. natural gas prices, which greatly benefited our upstream operations. These higher prices were a result of several market factors, including increased global demand. Also contributing to upstream results was production from the Petronius field in the Gulf of Mexico which started-up in July. In the downstream, marketing margins, especially in the Caltex area, remained under pressure as higher crude oil costs could not be fully recovered in the marketplace.

Our capital and exploratory spending rose \$600 million this year as we continued to invest in major upstream development projects and in alternate energy and power projects. In Nigeria, the successful Ekoli-1 exploration well recently confirmed the extension of our Agbami oil discovery on block 216 into the adjacent block 217.

On October 15, 2000, we entered into a merger agreement with Chevron Corporation. For additional information regarding the merger, refer to Note 7, Subsequent Event, of this Quarterly Report on Form 10-Q and to our Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on October 16, 2000.

Results for the third quarter and first nine months of 2000 and 1999 are summarized in the following table. Details on special items are included in the segment analysis which follows this table. The following discussion of operating earnings is presented on an after-tax basis.

	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
	(Unaudited)			
Income before special items	\$2,058	\$ 844	\$815	\$453
Net losses on major asset sales	(77)	(135)	(12)	(80)
Tax issues	46	65	--	--
Inventory valuation adjustments	--	152	--	14
Employee benefits revision	18	--	--	--
Reorganization, restructuring and employee separation costs	(12)	(67)	--	--
Environmental issues	(5)	--	(5)	--
Litigation issue	(17)	--	--	--
Net loss on Erskine pipeline	(14)	--	--	--
Special items	(61)	15	(17)	(66)
Net income	\$1,997	\$ 859	\$798	\$387

OPERATING RESULTS

EXPLORATION AND PRODUCTION

United States	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
Operating income before special items	\$1,241	\$423	\$487	\$258
Special items	(115)	21	(8)	--
Operating income	\$1,126	\$444	\$479	\$258

U.S. exploration and production earnings for the third quarter and first nine months of 2000 were significantly higher than last year due to higher crude oil and natural gas prices. World crude oil prices were exceptionally strong during the third quarter. Despite production increases by OPEC members, concerns over low global inventories of both crude oil and refined products helped push crude oil prices to their highest levels since the Gulf War in 1991. The spot price of WTI crude oil averaged \$31.66 per barrel during the third quarter, nearly \$10.00 per barrel higher than in 1999.

Our realized crude oil prices for the third quarter and first nine months of 2000 were \$28.11 and \$25.79 per barrel, 69 percent and 101 percent higher than last year. U.S. natural gas prices also rose to record levels during the quarter, as low storage levels and continued strong demand exceeded the modest recovery in domestic production. For the third quarter and first nine months of 2000, our average realized natural gas prices were \$4.01 and \$3.23 per MCF, 64 percent and 55 percent above last year.

Daily production decreased for both the third quarter and first nine months of the year. This expected reduction was due to the sale of non-core producing properties and natural field declines. First production from our Petronius project in the Gulf of Mexico began in July and is expected to average about 12,000 BOE per day in the fourth quarter. During the third quarter, we received \$61 million from the sale of non-core producing properties, bringing our total cash proceeds for nine months of 2000 to \$391 million.

Operating expenses increased this year as higher crude oil and natural gas prices led to significantly higher utilities expenses and production taxes. Exploratory expenses for the third quarter were \$29 million before tax, \$17 million higher than last year due to increased activity in the Gulf of Mexico. Exploratory expenses for the first nine months of 2000 were \$70 million before tax, \$34 million lower than last year, reflecting reduced activities.

Results for each of the first three quarters of 2000 included special charges of \$67 million, \$40 million and \$8 million for net losses on the sales of non-core producing properties and related disposal costs. Results for 1999 included a special gain of \$21 million for the sale of our interest in several California fields and a special charge of \$11 million for employee separation costs, both of which were recorded in the second quarter. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information. Results for 1999 also included a first quarter special benefit of \$11 million for a production tax refund.

International	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
Operating income before special items	\$787	\$191	\$299	\$129
Special items	62	(2)	(4)	--
Operating income	\$849	\$189	\$295	\$129

International exploration and production operating results for the third quarter and first nine months of 2000 were considerably higher than last year due mostly to higher crude oil prices. Market conditions have continued to keep crude oil prices strong throughout the first nine months of 2000 despite OPEC actions to increase production. Our realized crude oil prices for the third quarter and first nine months of 2000 were \$26.69 and \$24.60 per barrel, 57 percent and 84 percent higher than last year. Average natural gas prices were \$1.58 per MCF for the third quarter and \$1.50 per MCF for the first nine months of 2000, 17 percent and 10 percent above last year.

Daily production decreased six percent for the third quarter and the first nine months of 2000 due to scheduled maintenance and repairs in our U.K. North Sea operations, lower lifting entitlements for cost recovery in Indonesia as a result of higher crude oil prices and the planned sale of non-core producing properties. Production in the Partitioned Neutral Zone and the Karachaganak field in the Republic of Kazakhstan continues to be above last year's levels. We have received cash proceeds of \$137 million from the sale of non-core producing properties this year, all in the second quarter.

Operating expenses for the third quarter were flat with last year, while expenses for the first nine months decreased slightly. Exploratory expenses for the third quarter were \$77 million before tax, slightly higher than last year. Exploratory expenses for the first nine months of 2000 were \$149 million before tax, \$29 million lower than last year which included an unsuccessful exploratory well in a new offshore area of Trinidad.

Results for the third quarter of 2000 included a special charge of \$4 million for net losses on the sale of non-core producing properties. Results for 2000 also included a special benefit of \$80 million for net gains on the sale of non-core producing properties and a special charge of \$14 million for net losses resulting from the Erskine pipeline interruption in the U.K. North Sea, both of which were recorded in the second quarter. Results for 1999 included a second quarter special charge of \$2 million for employee separation costs. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information.

REFINING, MARKETING AND DISTRIBUTION

United States	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
Operating income before special items	\$175	\$ 283	\$ 82	\$118
Special items	(35)	(79)	(5)	--
Operating income	\$140	\$ 204	\$ 77	\$118

U.S. refining, marketing and distribution earnings were lower than last year for both the third quarter and first nine months.

Equilon's earnings declined from last year due to depressed marketing margins as pump prices lagged increases in supply costs in a very competitive market. Weak lubricant margins as a result of higher base oil costs also negatively impacted earnings. Maintenance activity at the Puget Sound, Martinez and Wood River refineries adversely impacted results for both years.

Compared to last year, Motiva's results benefited from improved East and Gulf Coast refining margins as a result of lower gasoline and distillate inventories due to industry refinery downtime. Maintenance activities in the first half of the year at the Delaware City refinery and in the second quarter at the Port Arthur refinery adversely impacted 2000 results. While refining results improved, marketing margins were negatively impacted by higher supply costs, which were not fully recovered in the market, and by lower branded gasoline sales volumes.

Results for the third quarter of 2000 included a \$5 million special charge for environmental issues. Additionally, results for 2000 included a second quarter special charge of \$31 million for the loss on the sale of the Wood River refinery, special charges of \$4 million in the second quarter and \$13 million in the first quarter for a patent litigation issue and a first quarter special gain of \$18 million for an employee benefits revision. Results for 1999 included second quarter special charges for losses on refinery asset sales of \$76 million and employee separation costs of \$11 million, as well as a first quarter special benefit of \$8 million for inventory valuation adjustments.

International	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
Operating income before special items	\$214	\$ 293	\$ 61	\$ 72
Special items	(12)	84	--	(66)
Operating income	\$202	\$ 377	\$ 61	\$ 6

International refining and marketing earnings before special items for the third quarter of 2000 decreased from last year. Marketing results declined from lower margins in the Caltex area, Europe and Latin America. Refining results improved dramatically in Europe from higher margins in the U.K. and the Netherlands, but decreased in Latin America due to increased crude costs.

Results for the first nine months of 2000 declined due to weak marketing margins from increased costs and highly competitive market conditions in the Caltex region, Latin America, West Africa and Europe. Lower volumes impacted Latin America and West Africa. Refining results were mixed as European and Asian margins improved, while the inability to fully recover increased crude costs negatively impacted refining margins in Panama and Guatemala. Rising utility costs negatively impacted refining results in all areas.

Results for 2000 included first quarter special charges of \$12 million for employee separation costs. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information. Results for each of the first three quarters of 1999 included special benefits of \$75 million, \$55 million and \$14 million, respectively, for favorable inventory valuation adjustments. Results for the third quarter of 1999 also included special charges of \$32 million for our share of Caltex' loss on the sale of its equity interest in Koa Oil Co., Ltd. and \$48 million for related deferred currency translation amounts. Additionally, results for the second quarter of 1999 included \$54 million for a Korean tax benefit, as well as restructuring charges in Caltex of \$25 million and employee separation costs in Europe and Latin America of \$9 million.

GLOBAL GAS AND POWER

	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
Operating income before special items	\$ 33	\$ 16	\$ 13	\$ 6
Special items	--	(3)	--	--
Operating income	\$ 33	\$ 13	\$ 13	\$ 6

Operating results for 2000 benefited from the recovery of natural gas liquids prices. Results for the first nine months of 1999 included gains from several asset sales, including a gas gathering pipeline in the U.S. and our 50 percent interest in a U.K. retail gas marketing venture.

Results for 1999 included a second quarter special charge of \$3 million for employee separation costs. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information.

OTHER BUSINESS UNITS

	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
Operating loss	\$(6)	\$(3)	\$(4)	\$(1)

Our other business units mainly include our insurance operations. There were no significant items in these results.

CORPORATE/NON-OPERATING

	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
Results before special items	\$(386)	\$(359)	\$(123)	\$(129)
Special items	39	(6)	--	--
Total Corporate/Non-operating	\$(347)	\$(365)	\$(123)	\$(129)

Corporate and non-operating expenses before special items for the third quarter and first nine months of 2000 included lower interest and higher corporate expenses, including spending for our Olympic sponsorship program. Results for the first nine months of 1999 benefited from a \$21 million gain on the sale of marketable securities earlier in the year.

Results for the first nine months of 2000 included a first quarter special benefit of \$46 million for favorable income tax settlements in the first quarter and a second quarter special charge of \$7 million for early extinguishment of debt associated with the anticipated sale of an offshore producing facility in the U.K. North Sea. Results for 1999 included a second quarter special charge of \$6 million for employee separation costs. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information.

LIQUIDITY AND CAPITAL RESOURCES

Our cash, cash equivalents and short-term investments were \$278 million at September 30, 2000, compared with \$448 million at year-end 1999.

During the first nine months of 2000, strong earnings from our operations provided cash of \$2.9 billion. We also had cash inflows of \$571 million from asset sales, primarily from the sale of several non-core producing properties. We spent \$2.3 billion on our capital and exploratory program, paid \$831 million in common, preferred and minority interest dividends and used \$459 million to reduce debt and repurchase common stock.

As of September 30, 2000, our ratio of total debt to total borrowed and invested capital was 34.7%, compared with 37.5% at year-end 1999. At September 30, 2000, our long-term debt included \$2.05 billion of debt scheduled to mature within one year, which we have both the intent and ability to refinance on a long-term basis. During the first nine months of 2000, our overall debt level decreased by \$292 million. This was comprised of debt repayments of \$1,295 million, increased commercial paper of \$473 million and the issuance of \$530 million of medium-term notes from our existing "shelf" registration.

As of September 30, 2000, we maintained, but had not used, \$2.05 billion in revolving credit facilities that provide liquidity and support our commercial paper program. As of September 30, 2000, the total dollar amount of debt and equity securities remaining available for issuance and sale under our "shelf" registration statement is \$1,445 million.

In March 2000, we resumed purchasing common stock under the \$1 billion common stock repurchase program we initiated in March of 1998. We purchased about \$165 million of common stock under this program during the first nine months of 2000 and an additional \$3 million during the period October 2 through 4, 2000. This brings our total purchases under this program, including \$474 million purchased during 1998, to almost \$645 million. No shares were purchased under this program in 1999. We suspended the repurchase program following the October 16, 2000 announcement of the proposed merger with Chevron Corporation.

We consider our financial position to be sufficiently strong to meet our anticipated future financial requirements.

REORGANIZATIONS, RESTRUCTURINGS AND EMPLOYEE SEPARATION PROGRAMS

On pages 26 and 27 of our 1999 Annual Report, we discussed our fourth quarter 1998 reorganizations, restructurings and employee separation programs. In 1998, we accrued \$115 million (\$80 million, net of tax) for employee separations, curtailment costs and special termination benefits. During the second quarter of 1999, we expanded the employee separation programs and recorded an additional provision of \$48 million (\$31 million, net of tax). Through September 30, 2000, cash payments totaled \$151 million and transfers to long-term obligations totaled \$12 million. By the end of the third quarter of 2000, we had satisfied all remaining obligations in accordance with the plan provisions. Refer to our 1999 Annual Report for a further discussion of these programs.

During the first quarter of 2000, we announced an additional employee separation program for our international downstream, primarily our marketing operations in Brazil and Ireland. We accrued \$17 million (\$12 million, net of tax) for employee separations, curtailment costs and special termination benefits for about 200 employees. These separation accruals are shown as selling, general and administrative expenses in the Consolidated Statements of Income. Through September 30, 2000, employee reductions totaled 114. The remaining reductions will occur by the end of the first quarter of 2001. During the first nine months of 2000, we made cash payments of \$4 million and transfers to long-term obligations of \$8 million. We will pay the remaining obligations of \$5 million in future periods in accordance with plan provisions.

NEW ACCOUNTING STANDARDS

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In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 133, "Accounting for Derivative Instruments and Hedging Activities." In June 1999, the FASB issued SFAS 137, which deferred the effective date of SFAS 133. This was followed in June 2000 by the issuance of SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," which amended SFAS 133. These standards require that all derivative financial instruments be recorded in the Consolidated Balance Sheets at their fair value. Fair value adjustments are made either through earnings or equity, depending upon the exposure being hedged and the effectiveness of the hedge. The adoption of these standards could increase volatility in earnings and other comprehensive income or result in certain changes in our business practices.

We will adopt these standards effective January 1, 2001. Our current assessment is that the cumulative effects of adoption on net income and on other comprehensive income at that date will not be material. This is based upon our presently anticipated derivative notional amounts, derivative types and expected degree of hedge accounting to be applied at that date. Notional amounts and derivative types are subject to change from time to time based upon management's decisions as to the appropriate strategies and our overall risk exposure levels.

In December 1999, the staff of the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) 101, Revenue Recognition. In SAB 101, the staff clarified how it applies generally accepted accounting principles to various revenue-related accounting issues. The staff issued SAB 101B in June 2000, deferring the effective date of SAB 101. Texaco and other calendar-year companies must apply SAB 101 no later than the fourth quarter of 2000. Our review of SAB 101 indicates there will be no material impact.

CAPITAL AND EXPLORATORY EXPENDITURES

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Capital and exploratory expenditures were \$2,803 million for the first nine months of 2000, compared with \$2,176 million for 1999.

Total upstream expenditures increased by 36 percent as we continued to focus on high-impact projects. The international segment of the upstream increased by 57 percent as investment continued in the Malampaya natural gas project in the Philippines and the Karachaganak field in Kazakhstan. In addition to these projects, spending continued on the Captain B project in the U.K. North Sea and for development work in Nigeria deepwater. In the United States spending increased six percent. Expenditures in 2000 occurred in the Central and Permian basin regions while 1999 spending focused on the Gemini project in the deepwater Gulf of Mexico.

Expenditures for global gas and power increased more than 95 percent in 2000. Contributing to this increase was the purchase of a 20 percent investment in Energy Conversion Devices, Inc. and the development of a power project in Thailand. This project, in which we hold a 37.5 percent interest, became operational July 1, 2000 and is a "state of the art" power plant. These initiatives are representative of our continuing efforts to become a leader in the development of energy technology.

In the United States downstream, refinery expenditures declined with the sales of the El Dorado refinery in November of 1999 and the Wood River refinery in June of 2000. In the international segment, expenditures decreased due to the completion of a project at the Pembroke refinery last year and lower spending in the U.K. marketing segment in 2000.

FORWARD-LOOKING STATEMENTS

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Portions of the foregoing discussion contain a number of "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In particular, statements made concerning our expected performance and financial results in future periods, in addition to statements concerning our proposed merger with Chevron, such as statements as to the consummation and expected benefits of the merger, are based on our current expectations and beliefs and are subject to a number of known and unknown risks and uncertainties. This could cause actual results to differ materially from those described in the "forward-looking statements." The following factors known to us, among other factors, could cause our actual results to differ materially from those described in the "forward-looking statements": incorrect estimation of reserves; inaccurate seismic data; mechanical failures; decreased demand for crude oil, natural gas, motor fuels and other products; worldwide and industry economic and political conditions; inaccurate forecasts of crude oil, natural gas and petroleum product prices; increasing price and product competition; price fluctuations; higher costs, expenses and interest rates; the possibility that the merger will not be consummated or that the anticipated benefits from the proposed merger with Chevron cannot be fully realized; and the possibility that costs or difficulties related to the integration of our businesses with Chevron will be greater than we expected. In addition, you are encouraged to review our latest reports filed with the Securities and Exchange Commission, including our 1999 Annual Report on Form 10-K filed with the SEC on March 24, 2000, which describes a number of additional risks and uncertainties that could cause actual results to vary materially from those listed in the "forward-looking statements" made in this Quarterly Report on Form 10-Q.

* * * * *

SUPPLEMENTAL MARKET RISK DISCLOSURES

We are exposed to the following types of market risks:

- o The price of crude oil, natural gas and petroleum products
- o The value of foreign currencies in relation to the U.S. dollar
- o Interest rates

We use derivative financial instruments, such as futures, forwards, options and swaps, in managing these risks. There were no material changes during the first nine months of 2000 in our exposures to loss from possible future changes in the price of crude oil, natural gas and petroleum products, the value of foreign currencies in relation to the U. S. dollar or interest rates.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We have provided information about legal proceedings pending against Texaco in Note 6 to the Consolidated Financial Statements of this Form 10-Q, in Item 1 of our first quarter 2000 Form 10-Q and in Item 3 of our 1999 Annual Report on Form 10-K. Note 6 of this Form 10-Q, Item 1 of our first quarter 2000 Form 10-Q and Item 3 of our 1999 Form 10-K are incorporated here by reference.

The Securities and Exchange Commission ("SEC") requires us to report proceedings that were instituted or contemplated by governmental authorities against us under laws or regulations relating to the protection of the environment. None of these proceedings is material to our business or financial condition. Following is a brief description of notices of violation that we received and settled in the third quarter of 2000.

- o Commencing in December of 1999, the San Joaquin Valley Unified Air Pollution Control District issued a series of 59 Notices of Violation to Texaco California Inc. and Texaco Exploration and Production Inc. alleging various permit violations in the Midway-Sunset Fields and Kern River Fields in Kern County, California, but primarily in connection with a project to refurbish, replace and expand the number of steam generators used in the Midway-Sunset Field in Kern County, California. Effective September 1, 2000, Texaco California Inc. and Texaco Exploration and Production Inc. settled these Notices of Violation by paying a civil penalty of \$100,000.

Item 5. Other Information

	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
	-----	-----	-----	-----
	(Millions of dollars)			
	(Unaudited)			
CAPITAL AND EXPLORATORY EXPENDITURES				
Exploration and production				
United States	\$ 661	\$ 623	\$ 277	\$ 162
International	1,361	865	482	304
Total	2,022	1,488	759	466
Refining, marketing and distribution				
United States	248	243	112	85
International	235	294	94	118
Total	483	537	206	203
Global gas and power	252	129	68	43
Total operating segments	2,757	2,154	1,033	712
Other business units	46	22	1	6
Total	\$2,803	\$2,176	\$1,034	\$ 718
	=====	=====	=====	=====
Exploratory expenses included above				
United States	\$ 70	\$ 104	\$ 29	\$ 12
International	149	178	77	60
Total	\$ 219	\$ 282	\$ 106	\$ 72
	=====	=====	=====	=====

	For the nine months ended September 30,		For the three months ended September 30,	
	2000	1999	2000	1999
	(Unaudited)			
OPERATING DATA				
Exploration and Production				
United States				
Net production of crude oil and natural gas liquids (MBPD)	360	400	338	395
Net production of natural gas - available for sale (MMCFPD)	1,328	1,460	1,273	1,416
Total net production (MBOEPD)	581	643	550	631
Natural gas sales (MMCFPD)	3,758	3,284	3,824	3,263
Average U.S. crude (per bbl)	\$25.79	\$12.81	\$28.11	\$16.65
Average U.S. natural gas (per mcf)	\$ 3.23	\$ 2.09	\$ 4.01	\$ 2.44
Average WTI (Spot) (per bbl)	\$29.84	\$17.58	\$31.66	\$21.71
Average Kern (Spot) (per bbl)	\$24.17	\$11.49	\$26.54	\$15.38
International				
Net production of crude oil and natural gas liquids (MBPD)				
Europe	123	142	124	152
Indonesia	123	156	122	141
Partitioned Neutral Zone	137	122	141	127
Other	64	65	60	60
Total	447	485	447	480
Net production of natural gas - available for sale (MMCFPD)				
Europe	221	261	168	252
Colombia	193	158	183	161
Other	143	105	135	91
Total	557	524	486	504
Total net production (MBOEPD)	540	573	528	564
Natural gas sales (MMCFPD)	586	551	509	539
Average International crude (per bbl)	\$24.60	\$13.36	\$26.69	\$16.96
Average International natural gas (per mcf)	\$ 1.50	\$ 1.36	\$ 1.58	\$ 1.35
Average U.K. natural gas (per mcf)	\$ 2.39	\$ 2.37	\$ 2.57	\$ 2.34
Average Colombia natural gas (per mcf)	\$ 1.13	\$ 0.64	\$ 1.34	\$ 0.67
Worldwide				
Total worldwide net production (MBOEPD)	1,121	1,216	1,078	1,195

For the nine months ended September 30,		For the three months ended September 30,	
2000	1999	2000	1999
(Unaudited)			

OPERATING DATA

Refining, Marketing and Distribution

United States

Refinery input (MBPD)				
Equilon area	260	376	209	390
Motiva area	275	307	281	307
Total	535	683	490	697
Refined product sales (MBPD)				
Equilon area	707	667	671	717
Motiva area	359	376	373	371
Other	306	296	285	290
Total	1,372	1,339	1,329	1,378

International

Refinery input (MBPD)				
Europe	368	356	355	331
Caltex area	352	411	348	381
Latin America/West Africa	62	71	70	68
Total	782	838	773	780
Refined product sales (MBPD)				
Europe	627	609	638	585
Caltex area	540	608	509	599
Latin America/West Africa	471	485	499	479
Other	89	90	88	86
Total	1,727	1,792	1,734	1,749

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- (3.2) Copy of the By-Laws of Texaco Inc., as amended to and including October 15, 2000.
- (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, 1999 (including portions of Texaco Inc.'s Annual Report to Stockholders for the year 1999), dated March 24, 2000, and a copy of Texaco Inc.'s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2000, dated May 8, 2000, and June 30, 2000, dated August 10, 2000, all incorporated herein by reference, SEC File No. 1-27.
- (27) Financial Data Schedule (included only in the electronic filing of this document).

b) Reports on Form 8-K:

During the third quarter of 2000, we filed a Current Report on Form 8-K for the following event:

1. July 27, 2000

Item 5. Other Events -- reported that Texaco issued an Earnings Press Release for the second quarter of 2000.

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: George J. Batavick

(Comptroller)

By: Michael H. Rudy

(Secretary)

Date: November 9, 2000

BY-LAWS OF TEXACO INC.
A Delaware CorporationARTICLE I.
Stockholders.

SECTION 1. Annual Meeting. The annual meeting of stockholders shall be held on the fourth Tuesday in April of each year at 2:00 P.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 stockholder's 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. The chairman of any meeting of stockholders shall have the power to adjourn the meeting to another date, time and place. 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. Stockholder Proposals. Stockholders may present proper business for stockholder action at an annual meeting by giving timely notice in writing to the Secretary of their intention to bring such business before the meeting. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the office of the Company in Harrison, New York, addressed to the attention of the Secretary, not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. The stockholder's notice shall set forth (a) the name and address of the stockholder proposing such business, (b) a brief description of the business desired to be brought before the meeting and any material interest in such business of such stockholder, and (c) the number of shares of the Company which are beneficially owned by the stockholder. The chairman of the meeting may refuse to permit any business to be brought before an annual meeting by a stockholder without compliance with the procedure set forth in this Section 9.

For purposes of this section, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Company with the Securities and Exchange Commission.

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Notwithstanding the foregoing provisions of this by-law, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations thereunder with respect to matters set forth in this by-law. Nothing in this by-law shall be deemed to affect any rights of stockholders to request inclusion of proposals in the company's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

SECTION 10. 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 attorneys' 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, the payment of such expenses 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, officer or employee to repay all amounts so advanced if it should be determined ultimately that such director or officer or employee is not entitled to be indemnified under this Article 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, the Chairman of the Board, the President, and the Treasurer shall each have the authority to 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 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 and the Fair Market Value (as hereinafter defined) as of the date of the consummation of the Business Combination of consideration other than 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 and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than 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 or in the same form as the Interested Stockholder has previously paid for shares of any class of Voting Stock. If the Interested Stockholder has paid for shares of any class of Voting Stock with varying forms of consideration, the form of consideration for such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such Class of Voting Stock previously acquired by it. 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.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
OF TEXACO ON A TOTAL ENTERPRISE BASIS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2000 AND
FOR EACH OF THE FIVE YEARS ENDED DECEMBER 31, 1999
(Millions of dollars)

	For the Nine Months Ended September 30, 2000	Years Ended December 31,				
		1999	1998	1997	1996	1995
Income from continuing operations, before provision or benefit for income taxes and cumulative effect of						
accounting changes effective 1-1-98 and 1-1-95.....	\$3,553	\$1,955	\$ 892	\$3,514	\$3,450	\$1,201
Dividends from less than 50% owned companies more or (less) than equity in net income.....	97	189	--	(11)	(4)	1
Minority interest in net income.....	89	83	56	68	72	54
Previously capitalized interest charged to income during the period.....	12	14	22	25	27	33
Total earnings.....	3,751	2,241	970	3,596	3,545	1,289
Fixed charges						
Items charged to income						
Interest charges.....	421	587	664	528	551	614
Interest factor attributable to operating lease rentals.....	65	90	120	112	129	110
Total items charged to income.....	486	677	784	640	680	724
Preferred stock dividends of subsidiaries						
guaranteed by Texaco Inc.....	40	55	33	33	35	36
Interest capitalized.....	53	28	26	27	16	28
Interest on ESOP debt guaranteed by Texaco Inc.....	--	--	3	7	10	14
Total fixed charges.....	579	760	846	707	741	802
Earnings available for payment of fixed charges..... (Total earnings + Total items charged to income)	\$4,237	\$2,918	\$1,754	\$4,236	\$4,225	\$2,013
Ratio of earnings to fixed charges of Texaco on a total enterprise basis.....	7.32	3.84	2.07	5.99	5.70	2.51

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
 TEXACO INC.'S 2000 QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED
 SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH
 FINANCIAL STATEMENTS.

9-MOS	SEP-30-2000	
	JAN-1-2000	
	SEP-30-2000	212
		66
		5,171
		23
		1,381
	7,209	33,916
	18,268	
	30,668	
6,394		6,527
0		300
		1,964
		10,881
30,668		35,889
	36,699	28,306
		30,241
		2,727
		0
		345
		3,386
		1,389
1,997		0
		0
		0
		1,997
		3.66
		3.65