

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 June 30, 2012

OR

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

For the transition period from _____ to _____

Commission file number 1-9210

OCCIDENTAL PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

95-4035997

(I.R.S. Employer
Identification No.)

10889 Wilshire Boulevard

Los Angeles, California

(Address of principal executive offices)

90024

(Zip Code)

(310) 208-8800

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. R Yes £ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). R Yes £ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. (See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act):

Large Accelerated Filer R Accelerated Filer £ Non-Accelerated Filer £ Smaller Reporting Company £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). £
Yes R No

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

Class	Outstanding at June 30, 2012
Common stock \$.20 par value	809,947,385 shares

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
 CONSOLIDATED CONDENSED BALANCE SHEETS
 JUNE 30, 2012 AND DECEMBER 31, 2011
 (Amounts in millions)

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,410	\$ 3,781
Trade receivables, net	4,959	5,395
Marketing and trading assets and other	911	916
Inventories	1,499	1,069
Prepaid expenses and other	<u>354</u>	<u>381</u>
Total current assets	<u>12,133</u>	<u>11,542</u>
INVESTMENTS IN UNCONSOLIDATED ENTITIES	<u>1,972</u>	<u>2,072</u>
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation, depletion and amortization of \$25,805 at June 30, 2012 and \$23,687 at December 31, 2011	<u>49,397</u>	<u>45,684</u>
LONG-TERM RECEIVABLES AND OTHER ASSETS, NET	<u>781</u>	<u>746</u>
TOTAL ASSETS	<u>\$ 64,283</u>	<u>\$ 60,044</u>

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
JUNE 30, 2012 AND DECEMBER 31, 2011
(Amounts in millions)

	2012	2011
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 5,453	\$ 5,304
Accrued liabilities	2,434	2,533
Domestic and foreign income taxes	—	110
Total current liabilities	7,887	7,947
LONG-TERM DEBT, NET	7,620	5,871
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred and other domestic and foreign income taxes	5,644	4,846
Other	3,582	3,760
	9,226	8,606
STOCKHOLDERS' EQUITY		
Common stock, at par value	177	177
Treasury stock	(4,660)	(4,502)
Additional paid-in capital	7,371	7,286
Retained earnings	37,152	35,142
Accumulated other comprehensive loss	(490)	(483)
Total stockholders' equity	39,550	37,620
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 64,283	\$ 60,044

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(Amounts in millions, except per-share amounts)

	Three months ended		Six months ended	
	June 30		June 30	
	2012	2011	2012	2011
REVENUES AND OTHER INCOME				
Net sales	\$ 5,768	\$ 6,173	\$ 12,036	\$ 11,899
Interest, dividends and other income	24	35	38	66
Gains on disposition of assets, net	—	—	1	22
	<u>5,792</u>	<u>6,208</u>	<u>12,075</u>	<u>11,987</u>
COSTS AND OTHER DEDUCTIONS				
Cost of sales	3,060	2,720	6,010	5,246
Selling, general and administrative and other operating expenses	335	388	769	829
Taxes other than on income	167	162	341	313
Exploration expense	96	62	194	146
Interest and debt expense, net	28	27	58	242
	<u>3,686</u>	<u>3,359</u>	<u>7,372</u>	<u>6,776</u>
Income before income taxes and other items	2,106	2,849	4,703	5,211
Provision for domestic and foreign income taxes	875	1,111	2,014	2,165
Income from equity investments	(101)	(81)	(203)	(178)
Income from continuing operations	1,332	1,819	2,892	3,224
Discontinued operations, net	(4)	(2)	(5)	142
NET INCOME	<u>\$ 1,328</u>	<u>\$ 1,817</u>	<u>\$ 2,887</u>	<u>\$ 3,366</u>
BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 1.64	\$ 2.23	\$ 3.56	\$ 3.96
Discontinued operations, net	—	—	(0.01)	0.18
BASIC EARNINGS PER COMMON SHARE	<u>\$ 1.64</u>	<u>\$ 2.23</u>	<u>\$ 3.55</u>	<u>\$ 4.14</u>
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	\$ 1.64	\$ 2.23	\$ 3.56	\$ 3.96
Discontinued operations, net	—	—	(0.01)	0.17
DILUTED EARNINGS PER COMMON SHARE	<u>\$ 1.64</u>	<u>\$ 2.23</u>	<u>\$ 3.55</u>	<u>\$ 4.13</u>
DIVIDENDS PER COMMON SHARE	<u>\$ 0.54</u>	<u>\$ 0.46</u>	<u>\$ 1.08</u>	<u>\$ 0.92</u>

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(Amounts in millions)

	Three months ended		Six months ended	
	June 30		June 30	
	2012	2011	2012	2011
Net income	\$ 1,328	\$ 1,817	\$ 2,887	\$ 3,366
Other comprehensive income (loss) items:				
Foreign currency translation adjustments	(12)	7	(8)	13
Pension and postretirement adjustments (a)	8	7	13	14
Unrealized (losses) gains on derivatives (b)	(2)	21	12	(4)
Reclassification of realized losses (gains) on derivatives and other (c)	4	35	(24)	49
Other comprehensive income (loss), net of tax	(2)	70	(7)	72
Comprehensive income	\$ 1,326	\$ 1,887	\$ 2,880	\$ 3,438

(a) Net of tax (expense) of \$(5) and \$(4) for the three months ended June 30, 2012 and 2011, respectively, and \$(8) for each of the six month periods ended June 30, 2012 and 2011.

(b) Net of tax (expense)/benefit of zero and \$(13) for the three months ended June 30, 2012 and 2011, respectively, and \$(8) and \$2 for the six months ended June 30, 2012 and 2011.

(c) Net of tax (expense)/benefit of \$(2) and \$(19) for the three months ended June 30, 2012 and 2011, respectively, and \$15 and \$(27) for the six months ended June 30, 2012 and 2011.

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(Amounts in millions)

	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	\$ 2,887	\$ 3,366
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations, net	5	(142)
Depreciation, depletion and amortization of assets	2,172	1,729
Deferred income tax provision	794	517
Other noncash charges to income	110	205
Gains on disposition of assets, net	(1)	(22)
Undistributed earnings from equity investments	(8)	(25)
Dry hole and impairment expense	166	94
Changes in operating assets and liabilities, net	16	(125)
Other operating, net	(166)	(25)
Operating cash flow from continuing operations	5,975	5,572
Operating cash flow from discontinued operations, net of taxes	(17)	(8)
Net cash provided by operating activities	<u>5,958</u>	<u>5,564</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(5,125)	(2,958)
Payments for purchases of assets and businesses	(1,081)	(3,905)
Sales of assets, net	5	45
Other, net	39	(43)
Investing cash flow from continuing operations	(6,162)	(6,861)
Investing cash flow from discontinued operations	—	2,570
Net cash used by investing activities	<u>(6,162)</u>	<u>(4,291)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	1,736	—
Proceeds from short-term borrowings, net	—	500
Payments of long-term debt	—	(1,523)
Proceeds from issuance of common stock	58	5
Purchases of treasury stock	(152)	(43)
Distributions to noncontrolling interest	—	(121)
Cash dividends paid	(813)	(685)
Other, net	4	10
Net cash provided (used) by financing activities	<u>833</u>	<u>(1,857)</u>
Increase (decrease) in cash and cash equivalents	629	(584)
Cash and cash equivalents—beginning of period	3,781	2,578
Cash and cash equivalents—end of period	<u>\$ 4,410</u>	<u>\$ 1,994</u>

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

June 30, 2012

1. General

In these unaudited consolidated condensed financial statements, "Occidental" means Occidental Petroleum Corporation, a Delaware corporation (OPC), or OPC and one or more entities in which it owns a controlling interest (subsidiaries). Occidental has made its disclosures in accordance with United States generally accepted accounting principles as they apply to interim reporting, and condensed or omitted, as permitted by the Securities and Exchange Commission's rules and regulations, certain information and disclosures normally included in consolidated financial statements and the notes. The consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in Occidental's Annual Report on Form 10-K for the year ended December 31, 2011.

In the opinion of Occidental's management, the accompanying consolidated condensed financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to fairly present Occidental's consolidated financial position as of June 30, 2012, and the consolidated statements of income, comprehensive income and cash flows for the three and six months ended June 30, 2012 and 2011, as applicable. The income and cash flows for the periods ended June 30, 2012 and 2011 are not necessarily indicative of the income or cash flows to be expected for the full year.

Certain financial statements and notes for the prior year have been reclassified to conform to the 2012 presentation.

2. Asset Acquisitions, Dispositions and Other Transactions

During the six months ended June 30, 2012, Occidental paid approximately \$1.0 billion for domestic oil and gas properties, mainly in the Williston Basin, South Texas and the Permian Basin.

In June 2012, Occidental issued \$1.75 billion of debt which comprised \$1.25 billion of 2.70-percent senior unsecured notes due 2023 and \$500 million of 1.50-percent senior unsecured notes due 2018. Occidental received net proceeds of approximately \$1.74 billion. Interest on the notes will be payable semi-annually in arrears in February and August of each year for both series of notes.

3. Accounting and Disclosure Changes

Fair Value Measurements – Beginning in the quarter ended March 31, 2012, Occidental enhanced its fair value measurement application and disclosures as a result of adopting new requirements issued by the Financial Accounting Standards Board in May 2011. The new rules include revisions to the standards for the use of fair value measurements and additional disclosures for: (i) all transfers between Level 1 and Level 2 of the fair value hierarchy; (ii) Level 3 measurements; and (iii) hierarchy classifications used for assets and liabilities whose fair value is disclosed only in the footnotes. The new rules did not have a material impact on Occidental.

4. Supplemental Cash Flow Information

Occidental paid United States federal, state and foreign income taxes for continuing operations of approximately \$1.3 billion and \$1.6 billion during the six months ended June 30, 2012 and 2011, respectively. Interest paid totaled approximately \$95 million and \$236 million (including \$154 million for early debt extinguishment premium) for the six months ended June 30, 2012 and 2011, respectively.

5. Inventories

A portion of inventories is valued under the LIFO method. The valuation of LIFO inventory for interim periods is based on Occidental's estimates of year-end inventory levels and costs. Inventories as of June 30, 2012, and December 31, 2011, consisted of the following (in millions):

	2012	2011
Raw materials	\$ 65	\$ 69
Materials and supplies	534	443
Finished goods	998	655
	1,597	1,167
LIFO reserve	(98)	(98)
Total	\$ 1,499	\$ 1,069

6. Environmental Liabilities and Expenditures

Occidental's operations are subject to stringent federal, state, local and foreign laws and regulations related to improving or maintaining environmental quality. Occidental's environmental compliance costs have generally increased over time and are expected to rise in the future. Occidental factors environmental expenditures for its operations into its business planning process as an integral part of producing quality products responsive to market demand.

The laws that require or address environmental remediation, including the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and similar federal, state, local and foreign laws, may apply retroactively and regardless of fault, the legality of the original activities or the current ownership or control of sites. OPC or certain of its subsidiaries participate in or actively monitor a range of remedial activities and government or private proceedings under these laws with respect to alleged past practices at operating, closed and third-party sites. Remedial activities may include one or more of the following: investigation involving sampling, modeling, risk assessment or monitoring; cleanup measures including removal, treatment or disposal; or operation and maintenance of remedial systems. The environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

As of June 30, 2012, Occidental participated in or monitored remedial activities or proceedings at 164 sites. The following table presents Occidental's environmental remediation reserves as of June 30, 2012, the current portion of which is included in accrued liabilities (\$79 million) and the remainder in deferred credits and other liabilities — other (\$257 million). The reserves are grouped as environmental remediation sites listed or proposed for listing by the United States Environmental Protection Agency on the CERCLA National Priorities List (NPL sites) and three categories of non-NPL sites — third-party sites, Occidental-operated sites and closed or non-operated Occidental sites.

	Number of Sites	Reserve Balance (in millions)
NPL sites	37	\$ 56
Third-party sites	76	82
Occidental-operated sites	22	114
Closed or non-operated Occidental sites	29	84
Total	164	\$ 336

As of June 30, 2012, Occidental's environmental reserves exceeded \$10 million at 10 of the 164 sites described above, and 114 of the sites had reserves from zero to \$1 million each. Occidental expects to expend funds corresponding to approximately half of the current environmental reserves at the sites described above over the next four years and the balance at these sites over the subsequent 10 or more years. Occidental believes its range of reasonably possible additional losses beyond those liabilities recorded for environmental remediation at these sites could be up to \$370 million. The status of Occidental's involvement with the sites and related significant assumptions have not changed materially since December 31, 2011. For management's opinion with respect to environmental matters, refer to Note 7.

7. Lawsuits, Claims, Commitments and Other Contingencies

OPC or certain of its subsidiaries are involved, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties or injunctive or declaratory relief. OPC or certain of its subsidiaries also have been involved in proceedings under CERCLA and similar federal, state, local and foreign environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties and injunctive relief; however, Occidental or such subsidiaries are usually among many companies in these proceedings and have to date been successful in sharing response costs with other financially sound companies. Occidental accrues reserves for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. Occidental has disclosed its reserve balance for environmental matters. Reserve balances for other matters as of June 30, 2012, and December 31, 2011, were not material to Occidental's consolidated balance sheets. Occidental also evaluates the amount of reasonably possible losses that it could incur as a result of the matters mentioned above. Occidental has disclosed its range of reasonably possible additional losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible losses that it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. While the audits of corporate tax returns for taxable years through 2009 have concluded for United States federal income tax purposes, subsequent taxable years, including the current year, are under various stages of review by the United States Internal Revenue Service pursuant to its Compliance Assurance Program. Taxable years from 2000 through the current year remain subject to examination by foreign and state government tax authorities in certain jurisdictions. In certain of these jurisdictions, tax authorities are in various stages of auditing Occidental's income taxes. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law. Occidental believes that the resolution of outstanding tax matters would not have a material adverse effect on its consolidated financial position or results of operations.

OPC, its subsidiaries or both have indemnified various parties against specified liabilities that those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of June 30, 2012, Occidental is not aware of circumstances that it believes would reasonably be expected to lead to indemnity claims that would result in payments materially in excess of reserves.

8. Retirement Plans and Postretirement Benefits

The following table sets forth the components of the net periodic benefit costs for Occidental's defined benefit pension and postretirement benefit plans for the three and six months ended June 30, 2012 and 2011 (in millions):

Three months ended June 30	2012		2011	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
Net Periodic Benefit Costs				
Service cost	\$ 3	\$ 6	\$ 5	\$ 5
Interest cost	7	11	8	12
Expected return on plan assets	(8)	—	(8)	—
Recognized actuarial loss	5	9	3	7
Total	\$ 7	\$ 26	\$ 8	\$ 24

Six months ended June 30	2012		2011	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
Net Periodic Benefit Costs				
Service cost	\$ 6	\$ 13	\$ 10	\$ 11
Interest cost	14	22	15	23
Expected return on plan assets	(16)	—	(16)	—
Recognized actuarial loss	10	17	6	15
Total	\$ 14	\$ 52	\$ 15	\$ 49

Occidental contributed approximately \$2 million in each of the three-month periods ended June 30, 2012 and 2011, and approximately \$3 million and \$4 million in the six-month periods ended June 30, 2012 and 2011, respectively, to its defined benefit pension plans.

9. Fair Value Measurements

Occidental has categorized its assets and liabilities that are measured at fair value, based on the priority of the inputs to the valuation techniques, in a three-level fair value hierarchy: Level 1 — using quoted prices in active markets for identical assets or liabilities; Level 2 — using observable inputs other than quoted prices for identical assets or liabilities; and Level 3 — using unobservable inputs. Transfers between levels, if any, are recognized at the end of each reporting period.

Fair Values — Recurring

Occidental primarily applies the market approach for recurring fair value measurements, maximizes its use of observable inputs and minimizes its use of unobservable inputs. Occidental utilizes the mid-point price between bid and ask prices for valuing the majority of its assets and liabilities measured and reported at fair value. In addition to using market data, Occidental makes assumptions in valuing its assets and liabilities, including assumptions about the risks inherent in the inputs to the valuation technique. For assets and liabilities carried at fair value, Occidental measures fair value using the following methods:

Commodity derivatives — Occidental values exchange-cleared commodity derivatives using closing prices provided by the exchange as of the balance sheet date. These derivatives are classified as Level 1. Over-the-Counter (OTC) financial commodity contracts, foreign exchange contracts, options and physical commodity forward purchase and sale contracts, including contracts that meet the accounting definition of an embedded derivative, are generally valued using quotations provided by brokers or industry-standard models that consider various inputs, including quoted forward prices for commodities, time value, volatility factors, credit risk and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable prices at which transactions are executed in the marketplace. Occidental generally classifies these measurements as Level 2.

Occidental generally uses an income approach to measure fair value when there is not a market-observable price for an identical or similar asset or liability. This approach utilizes management's assumptions regarding expectations of projected cash flows, and discounts the expected cash flows using a risk-adjusted risk-free discount rate.

The following tables provide fair value measurement information for such assets and liabilities that are measured on a recurring basis as of June 30, 2012, and December 31, 2011 (in millions):

Description	Fair Value Measurements at June 30, 2012 Using			Netting and Collateral ^(a)	Total Fair Value
	Level 1	Level 2	Level 3		
Assets:					
Commodity derivatives	\$ 684	\$ 745	\$ —	\$ (1,197)	\$ 232
Liabilities:					
Commodity derivatives	\$ 627	\$ 893	\$ —	\$ (1,272)	\$ 248

Description	Fair Value Measurements at December 31, 2011 Using			Netting and Collateral ^(a)	Total Fair Value
	Level 1	Level 2	Level 3		
Assets:					
Commodity derivatives	\$ 310	\$ 640	\$ —	\$ (758)	\$ 192
Liabilities:					
Commodity derivatives	\$ 311	\$ 652	\$ —	\$ (782)	\$ 181

(a) Represents the impact of netting assets, liabilities and collateral when a legal right of offset exists.

Fair Values - Nonrecurring

During the three and six months ended June 30, 2012 and 2011, Occidental did not have any assets or liabilities measured at fair value on a non-recurring basis.

Other Financial Instruments

The carrying amounts of cash and cash equivalents and other on-balance-sheet financial instruments, other than fixed-rate debt, approximate fair value. The cost, if any, to terminate off-balance-sheet financial instruments is not significant. Occidental estimates the fair value of fixed-rate debt based on the quoted market prices for those instruments or on quoted market yields for similarly rated debt instruments, taking into account such similar instruments' maturities. The estimated fair values of Occidental's debt, as of June 30, 2012, and December 31, 2011, which were classified as Level 1, were approximately \$8.2 billion and \$6.4 billion, compared to carrying values of \$7.6 billion and \$5.9 billion, respectively.

10. Derivatives

Derivatives are carried at fair value and on a net basis when a legal right of offset exists with the same counterparty. Occidental applies hedge accounting when transactions meet specified criteria for such treatment and management elects to do so. If a derivative does not qualify or is not designated and documented as a cash-flow hedge, any fair value gains or losses are recognized in earnings in the current period.

Through its marketing and trading activities and within its established policy controls and procedures, Occidental uses a variety of derivative instruments to improve realized prices for its oil and gas. Additionally, Occidental's Phibro trading unit engages in trading activities using derivatives for the purpose of generating profits mainly from market price changes of commodities. In the past, Occidental has also used derivatives to reduce its exposure to price volatility on a small portion of its oil and gas production.

Cash-Flow Hedges

Through December 31, 2011, Occidental held a series of collar agreements for 12,000 barrels of oil per day of its existing domestic production that qualified as cash-flow hedges at a weighted-average strike price that ranged from \$32.92 to \$46.35.

In 2009, Occidental entered into financial swap agreements related to the sale of a portion of its existing natural gas production from the Rocky Mountain region of the United States that qualified as cash-flow hedges and terminated as of March 31, 2012. These swap agreements hedged the sale of 50 million cubic feet of natural gas per day at an average strike price of \$6.07.

Occidental's marketing and trading operations store natural gas purchased from third parties at Occidental's North American leased storage facilities. Derivative instruments are used to fix margins on the future sales of the stored volumes through March 31, 2013. As of June 30, 2012, and December 31, 2011, Occidental had approximately 17 billion cubic feet and 25 billion cubic feet of natural gas held in storage, respectively. As of June 30, 2012, and December 31, 2011, Occidental had cash-flow hedges for the forecast sale, to be settled by physical delivery, of approximately 23 billion cubic feet and 35 billion cubic feet of this stored natural gas, respectively.

The following table presents the pre-tax gains and losses recognized in, and reclassified from, Accumulated Other Comprehensive Income (AOCI) and recognized in income (net sales), including any hedge ineffectiveness, for derivative instruments classified as cash-flow hedges for the three and six months ended June 30, 2012 and 2011 (in millions):

	Periods ended June 30			
	Three Months		Six Months	
	2012	2011	2012	2011
Commodity Contracts – cash-flow hedges				
Unrealized gains (losses) recognized in AOCI	\$ (2)	\$ 34	\$ 20	\$ (6)
Losses (gains) reclassified into income	\$ 6	\$ 54	\$ (39)	\$ 76
Gains recognized in income – ineffective portion	\$ —	\$ 1	\$ —	\$ —

The following table summarizes net after-tax derivative activity recorded in AOCI for the three and six months ended June 30, 2012 and 2011 (in millions):

	Periods ended June 30			
	Three Months		Six Months	
	2012	2011	2012	2011
Beginning balance — AOCI	\$ (13)	\$ (122)	\$ 1	\$ (111)
Unrealized gains (losses) recognized in AOCI	(2)	21	12	(4)
Losses (gains) reclassified to income	4	35	(24)	49
Ending balance — AOCI	\$ (11)	\$ (66)	\$ (11)	\$ (66)

Occidental expects that during the next twelve months an insignificant amount of net after-tax derivative losses included in AOCI, based on their valuation as of June 30, 2012, will be reclassified into income.

Derivatives Not Designated as Hedging Instruments

Occidental's third-party marketing and trading activities focus on purchasing oil, natural gas liquids (NGLs) and gas for resale from partners, producers and third parties whose oil and gas supply is located near its midstream and marketing assets, such as pipelines, processing plants and storage facilities. These purchases allow Occidental to aggregate volumes to maximize prices received for Occidental's production. The third-party marketing and trading purchase and sales contracts generally approximate each other with respect to aggregate volumes and terms. In addition, Occidental's Phibro trading unit's strategy is to profit from market price changes using derivatives not designated as hedging instruments.

The following table presents gross volumes of Occidental's commodity derivatives contracts not designated as hedging instruments as of June 30, 2012, and December 31, 2011:

Commodity	Volumes	
	2012	2011
Sales contracts related to Occidental's production		
Oil (million barrels)	14	9
Third-party marketing and trading activities		
Purchase contracts		
Oil (million barrels)	158	109
Natural gas (billion cubic feet)	342	481
Precious metals (million troy ounces)	1	4
Sales contracts		
Oil (million barrels)	152	109
Natural gas (billion cubic feet)	451	723
Precious metals (million troy ounces)	—	1

In addition, Occidental typically has certain other commodity trading contracts, such as agricultural products, power and other metals as well as foreign exchange contracts. These contracts were not material to Occidental as of June 30, 2012, and December 31, 2011.

For third-party marketing and trading activities, a substantial portion of sales contracts are typically fulfilled by purchase contracts with substantially identical terms entered into within a short time. For a substantial portion of the sales commitments not satisfied by such contracts as of June 30, 2012, Occidental entered into offsetting contracts after June 30, 2012. Occidental believes it has the ability to fulfill any remaining portion through its equity production or through additional third-party purchases.

Approximately \$86 million of losses and \$77 million of gains from derivatives not designated as hedging instruments were recognized in net sales for the three months ended June 30, 2012 and 2011, respectively. Approximately \$35 million of losses and \$106 million of gains from derivatives not designated as hedging instruments were recognized in net sales for the six months ended June 30, 2012 and 2011, respectively.

Fair Value of Derivatives

The following table presents the gross fair value of Occidental's outstanding derivatives as of June 30, 2012, and December 31, 2011 (in millions):

June 30, 2012	Asset Derivatives Balance Sheet Location	Fair Value	Liability Derivatives Balance Sheet Location	Fair Value
Cash-flow hedges (a)				
Commodity contracts	Marketing and trading assets and other	\$ 4	Accrued liabilities	\$ 1
Derivatives not designated as hedging instruments (a)				
Commodity contracts	Marketing and trading assets and other	1,369	Accrued liabilities	1,465
	Long-term receivables and other assets, net	56	Deferred credits and other liabilities	54
		<u>1,425</u>		<u>1,519</u>
Total gross fair value		1,429		1,520
Less: counterparty netting and cash collateral (b)		(1,197)		(1,272)
Total net fair value of derivatives		\$ 232		\$ 248
December 31, 2011	Asset Derivatives Balance Sheet Location	Fair Value	Liability Derivatives Balance Sheet Location	Fair Value
Cash-flow hedges (a)				
Commodity contracts	Marketing and trading assets and other	\$ 41	Accrued liabilities	\$ 5
	Long-term receivables and other assets, net	3	Deferred credits and other liabilities	—
		<u>44</u>		<u>5</u>
Derivatives not designated as hedging instruments (a)				
Commodity contracts	Marketing and trading assets and other	835	Accrued liabilities	887
	Long-term receivables and other assets, net	71	Deferred credits and other liabilities	71
		<u>906</u>		<u>958</u>
Total gross fair value		950		963
Less: counterparty netting and cash collateral (c)		(758)		(782)
Total net fair value of derivatives		\$ 192		\$ 181

(a) Fair values are presented at gross amounts, including when the derivatives are subject to master netting arrangements and qualify for net presentation in the consolidated balance sheet.

(b) As of June 30, 2012, collateral received of \$66 million has been netted against derivative assets and collateral paid of \$141 million has been netted against derivative liabilities.

(c) As of December 31, 2011, collateral received of \$42 million has been netted against derivative assets and collateral paid of \$66 million has been netted against derivative liabilities.

See Note 9 for fair value measurement disclosures on derivatives.

Credit Risk

A substantial portion of Occidental's derivative transaction volume is executed through exchange-traded contracts, which are subject to nominal credit risk as a significant portion of these transactions are executed on a daily margin basis. Collateral of \$51 million and \$173 million deposited by Occidental for such contracts with clearing houses and brokers, which has not been reflected in the derivative fair value tables, is included in the marketing and trading assets and other balance as of June 30, 2012, and December 31, 2011, respectively.

Occidental executes the rest of its derivative transactions in the over-the-counter (OTC) market. Occidental is subject to counterparty credit risk to the extent the counterparty to the derivatives is unable to meet its settlement commitments. Occidental manages this credit risk by selecting counterparties that it believes to be financially strong, by spreading the credit risk among many such counterparties, by entering into master netting arrangements with the counterparties and by requiring collateral, as appropriate. Occidental actively monitors the creditworthiness of each counterparty and records valuation adjustments to reflect counterparty risk, if necessary.

Certain of Occidental's OTC derivative instruments contain credit-risk-contingent features, primarily tied to credit ratings for Occidental or its counterparties, which may affect the amount of collateral that each would need to post. As of June 30, 2012 and December 31, 2011, Occidental had a net liability of \$32 million and \$58 million, respectively, which are net of collateral posted of \$73 million and \$27 million, respectively. Occidental believes that if it had received a one-notch reduction in its credit ratings, it would not have resulted in a material change in its collateral-posting requirements as of June 30, 2012, and December 31, 2011.

11. Industry Segments

Occidental conducts its operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream, marketing and other (midstream and marketing). The oil and gas segment explores for, develops and produces oil and condensate, NGLs and natural gas. The chemical segment mainly manufactures and markets basic chemicals and vinyls. The midstream and marketing segment gathers, treats, processes, transports, stores, purchases and markets oil, condensate, NGLs, natural gas, carbon dioxide (CO₂) and power. It also trades around its assets, including pipelines and storage capacity, and trades oil, NGLs, gas and other commodities.

Earnings of industry segments generally exclude income taxes, interest income, interest expense, environmental remediation expenses, unallocated corporate expenses and discontinued operations, but include gains and losses from dispositions of segment assets and income from the segments' equity investments.

The following tables present Occidental's industry segment and corporate disclosures (in millions):

	<u>Oil and Gas</u>	<u>Chemical</u>	<u>Midstream, Marketing and Other</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
Three months ended June 30, 2012					
Net sales	\$ 4,495	\$ 1,172	\$ 262	\$ (161) ^(a)	\$ 5,768
Pretax operating profit (loss)	\$ 2,043	\$ 194	\$ 77	\$ (107) ^(b)	\$ 2,207
Income taxes	—	—	—	(875) ^(c)	(875)
Discontinued operations, net	—	—	—	(4)	(4)
Net income (loss)	\$ 2,043	\$ 194	\$ 77	\$ (986)	\$ 1,328
Three months ended June 30, 2011					
Net sales	\$ 4,591	\$ 1,325	\$ 441	\$ (184) ^(a)	\$ 6,173
Pretax operating profit (loss)	\$ 2,624	\$ 253	\$ 187	\$ (134) ^(b)	\$ 2,930
Income taxes	—	—	—	(1,111) ^(c)	(1,111)
Discontinued operations, net	—	—	—	(2)	(2)
Net income (loss)	\$ 2,624	\$ 253	\$ 187	\$ (1,247)	\$ 1,817
	<u>Oil and Gas</u>	<u>Chemical</u>	<u>Midstream, Marketing and Other</u>	<u>Corporate and Eliminations</u>	<u>Total</u>
Six months ended June 30, 2012					
Net sales	\$ 9,397	\$ 2,320	\$ 655	\$ (336) ^(a)	\$ 12,036
Pretax operating profit (loss)	\$ 4,547	\$ 378	\$ 208	\$ (227) ^(b)	\$ 4,906
Income taxes	—	—	—	(2,014) ^(c)	(2,014)
Discontinued operations, net	—	—	—	(5)	(5)
Net income (loss)	\$ 4,547	\$ 378	\$ 208	\$ (2,246)	\$ 2,887
Six months ended June 30, 2011					
Net sales	\$ 8,958	\$ 2,490	\$ 853	\$ (402) ^(a)	\$ 11,899
Pretax operating profit (loss)	\$ 5,092	\$ 472	\$ 301	\$ (476) ^(b)	\$ 5,389
Income taxes	—	—	—	(2,165) ^(c)	(2,165)
Discontinued operations, net	—	—	—	142 ^(d)	142
Net income (loss)	\$ 5,092	\$ 472	\$ 301	\$ (2,499)	\$ 3,366

(a) Intersegment sales eliminate upon consolidation and are generally made at prices approximately equal to those that the selling entity would be able to obtain in third-party transactions.

(b) Includes unallocated net interest expense (including the early debt extinguishment costs of \$163 million for the six months ended June 30, 2011), administration expense, environmental remediation and other pre-tax items.

(c) Includes all foreign and domestic income taxes from continuing operations.

(d) Reflects an after-tax gain from the sale of the Argentine operations.

12. Earnings Per Share

Occidental's instruments containing rights to nonforfeitable dividends granted in stock-based payment transactions are considered participating securities prior to vesting, and, therefore, have been included in the earnings allocations in computing basic and diluted EPS under the two-class method.

Basic EPS was computed by dividing net income, net of participating securities, by the weighted-average number of common shares outstanding during each period, net of treasury shares and including vested but unissued shares and share units. The computation of diluted EPS reflects the additional dilutive effect of stock options and unvested stock awards.

The following table presents the calculation of basic and diluted EPS for the three and six months ended June 30, 2012 and 2011:

<i>(in millions, except per-share amounts)</i>	Three months		Periods Ended June 30	
	2012	2011	2012	2011
Basic EPS				
Income from continuing operations	\$ 1,332	\$ 1,819	\$ 2,892	\$ 3,224
Discontinued operations, net	(4)	(2)	(5)	142
Net income	1,328	1,817	2,887	3,366
Less: Net income allocated to participating securities	(2)	(3)	(4)	(6)
Net income, net of participating securities	<u>\$ 1,326</u>	<u>\$ 1,814</u>	<u>\$ 2,883</u>	<u>\$ 3,360</u>
Weighted average number of basic shares	<u>810.3</u>	<u>812.5</u>	<u>810.4</u>	<u>812.5</u>
Basic EPS	<u>\$ 1.64</u>	<u>\$ 2.23</u>	<u>\$ 3.55</u>	<u>\$ 4.14</u>
Diluted EPS				
Net income, net of participating securities	<u>\$ 1,326</u>	<u>\$ 1,814</u>	<u>\$ 2,883</u>	<u>\$ 3,360</u>
Weighted average number of basic shares	810.3	812.5	810.4	812.5
Dilutive effect of potentially dilutive securities	0.7	0.8	0.8	0.8
Total diluted weighted average common shares	<u>811.0</u>	<u>813.3</u>	<u>811.2</u>	<u>813.3</u>
Diluted EPS	<u>\$ 1.64</u>	<u>\$ 2.23</u>	<u>\$ 3.55</u>	<u>\$ 4.13</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Consolidated Results of Operations

In this report, "Occidental" refers to Occidental Petroleum Corporation (OPC), or OPC and one or more entities in which it owns a controlling interest. Occidental reported net income of \$1.3 billion for the second quarter of 2012 on net sales of \$5.8 billion, compared to net income of \$1.8 billion on net sales of \$6.2 billion for the same period of 2011. Diluted earnings per share (EPS) were \$1.64 for the second quarter of 2012, compared to \$2.23 for the same period of 2011. Occidental reported net income of \$2.9 billion for the first six months of 2012 on net sales of \$12.0 billion, compared to net income of \$3.4 billion on net sales of \$11.9 billion for the same period of 2011. Diluted EPS were \$3.55 and \$4.13 for the first six months of 2012 and 2011, respectively.

Net income for the three months ended June 30, 2012, compared to the same period of 2011, reflected lower oil, natural gas liquids (NGLs) and gas prices, higher oil and gas operating costs and depreciation, depletion and amortization (DD&A) rates, lower margins in the marketing and trading and gas processing businesses, lower domestic and export caustic volumes, lower vinyl chloride monomer (VCM) export volumes and lower polyvinyl chloride (PVC) and VCM export prices, partially offset by higher oil volumes and higher income in the pipeline businesses. Net income for the six months ended June 30, 2012, compared to the same period of 2011, reflected higher oil and gas operating costs and DD&A rates, lower natural gas and NGL prices, lower chemical export volumes and prices due to the weakening economic conditions in Europe and Asia, and lower margins in the marketing and trading businesses, partially offset by higher oil prices, higher oil, NGL and gas volumes and higher income in the pipeline businesses.

Selected Income Statement Items

The decrease in net sales for the three months ended June 30, 2012, compared to the same period of 2011, reflected lower oil, NGL and gas prices, lower margins in the marketing and trading businesses, lower domestic and export caustic volumes, lower VCM export volumes, lower PVC and VCM export prices and lower sales in the gas processing businesses, partially offset by higher oil and gas volumes. The increase in net sales for the six months ended June 30, 2012, compared to the same period of 2011, reflected higher oil prices and higher oil, NGL and gas volumes, partially offset by lower NGL and natural gas prices, lower chemical export volumes and prices and lower margins in the marketing and trading businesses.

The increase in cost of sales for the three and six months ended June 30, 2012, compared to the same periods of 2011, reflected higher oil and gas operating costs and DD&A rates, partially offset by lower natural gas and ethylene costs related to the chemical segment. The decrease in interest and debt expense, net, for the six months ended June 30, 2012, was mainly due to the \$163 million early debt extinguishment charge recorded in the first quarter of 2011.

The decrease in the provision for domestic and foreign income taxes for the three and six months ended June 30, 2012, compared to the same periods of 2011, was due to lower pre-tax income, partially offset by higher effective tax rates. The income from discontinued operations, net, for the six months ended June 30, 2011, primarily reflected the \$144 million after-tax gain recorded from the sale of the Argentine operations.

Selected Analysis of Financial Position

See "Liquidity and Capital Resources" for discussion about the changes in cash and cash equivalents, as well as long-term debt, net.

The decrease in trade receivables, net, was due to lower oil and gas prices in the second quarter of 2012, compared to the end of 2011. The increase in inventories was primarily due to higher volumes of oil held by the midstream and marketing segment at the end of the second quarter of 2012, compared to the fourth quarter of 2011. The increase in property, plant and equipment, net, reflected capital expenditures of approximately \$5.1 billion and acquisitions of \$1.0 billion, partially offset by DD&A.

The decrease in domestic and foreign income taxes payable was due to the timing of estimated tax payments. The increase in deferred and other domestic and foreign income taxes was mainly due to the deferred taxes related to the capital expenditures in the six months ended June 30, 2012. The increase in stockholders' equity reflected net income for the first six months of 2012, partially offset by dividend payments and stock purchases.

Segment Operations

Occidental conducts its operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream, marketing and other (midstream and marketing). The oil and gas segment explores for, develops and produces oil and condensate, NGLs and natural gas. The chemical segment mainly manufactures and markets basic chemicals and vinyls. The midstream and marketing segment gathers, treats, processes, transports, stores, purchases and markets oil, condensate, NGLs, natural gas, carbon dioxide (CO₂) and power. It also trades around its assets, including pipelines and storage capacity, and trades oil, NGLs, gas and other commodities.

The following table sets forth the sales and earnings of each operating segment and corporate items for the three and six months ended June 30, 2012 and 2011 (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2012	2011	2012	2011
Net Sales ^(a)				
Oil and Gas	\$ 4,495	\$ 4,591	\$ 9,397	\$ 8,958
Chemical	1,172	1,325	2,320	2,490
Midstream, Marketing and Other	262	441	655	853
Eliminations	(161)	(184)	(336)	(402)
	<u>\$ 5,768</u>	<u>\$ 6,173</u>	<u>\$ 12,036</u>	<u>\$ 11,899</u>
Segment Earnings ^(b)				
Oil and Gas	\$ 2,043	\$ 2,624	\$ 4,547	\$ 5,092
Chemical	194	253	378	472
Midstream, Marketing and Other	77	187	208	301
	<u>2,314</u>	<u>3,064</u>	<u>5,133</u>	<u>5,865</u>
Unallocated Corporate Items ^(b)				
Interest expense, net	(25)	(22)	(53)	(236)
Income taxes	(875)	(1,111)	(2,014)	(2,165)
Other expense, net	(82)	(112)	(174)	(240)
Income from continuing operations	1,332	1,819	2,892	3,224
Discontinued operations, net ^(c)	(4)	(2)	(5)	142
Net income	<u>\$ 1,328</u>	<u>\$ 1,817</u>	<u>\$ 2,887</u>	<u>\$ 3,366</u>

(a) Intersegment sales eliminate upon consolidation and are generally made at prices approximately equal to those that the selling entity would be able to obtain in third-party transactions.

(b) Refer to "Significant Transactions and Events Affecting Earnings," "Oil and Gas Segment," "Chemical Segment," "Midstream, Marketing and Other Segment" and "Corporate" discussions that follow.

(c) The six months ended June 30, 2011 amount reflects an after-tax gain from the sale of the Argentine operations.

Significant Transactions and Events Affecting Earnings

The following table sets forth, for the three and six months ended June 30, 2012 and 2011, significant transactions and events affecting Occidental's earnings that vary widely and unpredictably in nature, timing and amount (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2012	2011	2012	2011
Oil & Gas				
Libya exploration write-off	\$ —	\$ —	\$ —	\$ (35)
Gain on sale of Colombian pipeline interest	—	—	—	22
Foreign tax	—	—	—	(29)
Total Oil and Gas	\$ —	\$ —	\$ —	\$ (42)
Chemical				
No significant items affecting earnings	\$ —	\$ —	\$ —	\$ —
Total Chemical	\$ —	\$ —	\$ —	\$ —
Midstream, Marketing and Other				
No significant items affecting earnings	\$ —	\$ —	\$ —	\$ —
Total Midstream, Marketing and Other	\$ —	\$ —	\$ —	\$ —
Corporate				
Premium on debt extinguishments	\$ —	\$ —	\$ —	\$ (163)
State income tax charge	—	—	—	(33)
Tax effect of pre-tax adjustments	—	—	—	50
Discontinued operations, net*	(4)	(2)	(5)	142
Total Corporate	\$ (4)	\$ (2)	\$ (5)	\$ (4)
Total	\$ (4)	\$ (2)	\$ (5)	\$ (46)

*Amounts shown after tax.

Worldwide Effective Tax Rate

The following table sets forth the calculation of the worldwide effective tax rate for income from continuing operations for the three and six months ended June 30, 2012 and 2011 (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2012	2011	2012	2011
Oil & Gas earnings	\$ 2,043	\$ 2,624	\$ 4,547	\$ 5,092
Chemical earnings	194	253	378	472
Midstream, Marketing and Other earnings	77	187	208	301
Unallocated corporate items	(107)	(134)	(227)	(476)
Pre-tax income	2,207	2,930	4,906	5,389
Income tax expense				
Federal and state	254	557	700	927
Foreign	621	554	1,314	1,238
Total	875	1,111	2,014	2,165
Income from continuing operations	\$ 1,332	\$ 1,819	\$ 2,892	\$ 3,224
Worldwide effective tax rate	40%	38%	41%	40%

Oil and Gas Segment

The following tables set forth the production and sales volumes of oil, NGLs and natural gas per day for the three and six months ended June 30, 2012 and 2011. The differences between the production and sales volumes per day are generally due to the timing of shipments at Occidental's international locations where product is loaded onto tankers.

Production per Day	Periods Ended June 30			
	Three Months		Six Months	
	2012	2011	2012	2011
Oil (MBBL)				
United States	249	226	246	224
Middle East/North Africa	181	177	186	195
Latin America ^(a)	31	30	27	31
NGLs (MBBL)				
United States	73	71	73	65
Middle East/North Africa	9	11	9	10
Natural Gas (MMCF)				
United States	840	761	837	748
Middle East/North Africa	481	424	464	421
Latin America ^(a)	14	16	14	16
Total production (MBOE) ^(a,b)	766	715	760	723
Sales Volumes per Day				
Oil (MBBL)				
United States	249	226	246	224
Middle East/North Africa	175	167	178	189
Latin America ^(a)	31	30	27	31
NGLs (MBBL)				
United States	73	71	73	65
Middle East/North Africa	9	11	9	10
Natural Gas (MMCF)				
United States	835	761	835	748
Middle East/North Africa	481	424	464	421
Latin America ^(a)	14	16	14	16
Total sales volumes (MBOE) ^(a,b)	759	705	752	717

Note: MBBL represents thousand barrels. MMCF represents million cubic feet. MBOE represents thousand barrels of oil equivalent.

(a) Excludes volumes from the Argentine operations sold in February 2011 and classified as discontinued operations.

(b) Natural gas volumes have been converted to barrels of oil equivalent (BOE) based on energy content of 6,000 cubic feet (one thousand cubic feet is referred to as "Mcf") of gas to one barrel of oil. Barrels of oil equivalence does not necessarily result in price equivalence. The price of natural gas on a barrel of oil equivalent basis is currently substantially lower than the corresponding price for oil and has been similarly lower over the recent past.

Average Sales Prices	Periods Ended June 30			
	Three Months		Six Months	
	2012	2011	2012	2011
Oil (\$/BBL)				
United States	\$ 92.34	\$ 98.74	\$ 97.88	\$ 93.45
Middle East/North Africa	\$ 109.70	\$ 109.11	\$ 112.28	\$ 102.05
Latin America	\$ 98.15	\$ 103.22	\$ 100.40	\$ 97.75
Total Worldwide	\$ 99.34	\$ 103.12	\$ 103.63	\$ 97.38
NGLs (\$/BBL)				
United States	\$ 43.75	\$ 61.30	\$ 49.14	\$ 58.87
Middle East/North Africa	\$ 29.32	\$ 33.50	\$ 34.76	\$ 33.71
Total Worldwide	\$ 42.06	\$ 57.67	\$ 47.52	\$ 55.38
Natural Gas (\$/MCF)				
United States	\$ 2.09	\$ 4.27	\$ 2.46	\$ 4.24
Latin America	\$ 12.06	\$ 9.55	\$ 11.84	\$ 8.88
Total Worldwide	\$ 1.72	\$ 3.12	\$ 1.97	\$ 3.08

Oil and gas segment earnings for the three and six months ended June 30, 2012, were \$2.0 billion and \$4.5 billion, respectively, compared to \$2.6 billion and \$5.1 billion for the same periods of 2011. The decrease in oil and gas segment earnings for the three months ended June 30, 2012, compared to the same period of 2011, reflected lower oil, NGL and gas prices and higher operating costs and DD&A rates, partially offset by higher oil volumes. The decrease for the six months ended June 30, 2012, compared to the same period of 2011, reflected higher operating costs and DD&A rates and lower gas and NGL prices, partially offset by higher oil prices and higher volumes.

In the second quarter of 2012, the average daily per barrel West Texas Intermediate (WTI) and Brent market prices were \$93.49 and \$108.90, respectively, compared to \$102.56 and \$117.36, respectively, for the second quarter of 2011. The average daily New York Mercantile Exchange (NYMEX) domestic natural gas price was \$2.28 per million British Thermal Units (BTUs), compared to \$4.23 per million BTUs for the second quarter of 2011. The average realized worldwide oil price for the second quarter of 2012, \$99.34 per barrel, was approximately 106 percent of the average WTI price and 91 percent of the average Brent price for that period. Worldwide NGL prices decreased 27 percent from \$57.67 per barrel in the second quarter of 2011 to \$42.06 per barrel in the second quarter of 2012. Realized domestic gas prices decreased 51 percent from \$4.27 per MCF in the second quarter of 2011 to \$2.09 per MCF in the second quarter of 2012. During the second quarter of 2012, realized NGL prices were 45 percent of WTI and realized domestic gas prices were 92 percent of the average NYMEX price. Approximately 60 percent of Occidental's oil production tracks world oil prices, such as Brent, and 40 percent tracks WTI. Price changes at current global prices and levels of production affect Occidental's quarterly pre-tax income by \$38 million for a \$1.00 per barrel change in oil prices and \$8 million for a \$1.00 per barrel change in NGL prices. A change of \$0.50 per million BTUs in domestic gas prices affects quarterly pre-tax earnings by approximately \$35 million. These price change sensitivities include the impact of production sharing contract volume changes on income. If production levels change in the future, the sensitivity of Occidental's results to oil, NGL and gas prices also would change.

Oil and gas production in the second quarter of 2012 was 766,000 BOE per day, compared with 715,000 BOE per day for the same period of 2011. The second quarter 2012 production increase resulted from 38,000 BOE per day higher domestic volumes, and a 13,000 BOE per day increase in the Middle East/North Africa. Daily sales volumes increased from 705,000 BOE per day in the second quarter of 2011 to 759,000 BOE per day in the second quarter of 2012. Sales volumes differed from production volumes due to the timing of liftings at Occidental's Middle East/North Africa operations. Oil prices and production sharing and similar contract factors did not significantly impact this quarter's production volumes compared to the second quarter of 2011.

Oil and gas production for the first six months of 2012 was 760,000 BOE per day, compared with 723,000 BOE per day for the 2011 period. The first six months of 2012 production volume increase resulted from 44,000 BOE

per day higher domestic volumes, partially offset by lower volumes of 2,000 BOE in the Middle East/North Africa and 5,000 BOE in Latin America. Higher year-over-year average oil prices and other factors affecting production sharing and similar contracts lowered the Middle East/North Africa and Long Beach production by 7,000 BOE per day. Daily sales volumes were 752,000 BOE in the first six months of 2012, compared with 717,000 BOE for the 2011 period.

Oil and gas cash average production costs, excluding taxes other than on income, increased from \$12.84 per BOE for the total year 2011 to \$14.50 per BOE for the six months ended June 30, 2012. The increase for the six months of 2012 reflected higher well maintenance activity, in part reflecting higher well count, higher workover activity and higher support and injection costs. Taxes other than on income, which are directly related to product prices, were \$2.46 per BOE for the first six months of 2012, similar to last year's comparable period.

During the six months ended June 30, 2012, Occidental paid approximately \$1.0 billion for domestic oil and gas properties, mainly in the Williston Basin, South Texas and the Permian Basin.

Chemical Segment

Chemical segment earnings for the three months ended June 30, 2012 and 2011, were \$194 million and \$253 million, respectively. The second quarter 2012 results reflected lower domestic and export caustic volumes, lower VCM export volumes, and lower PVC and VCM export prices, partially offset by lower natural gas and ethylene costs.

Chemical segment earnings for the six months ended June 30, 2012 and 2011, were \$378 million and \$472 million, respectively. The 2012 results reflected lower export volumes and prices due to the weakening economic conditions in Europe and Asia, partially offset by lower natural gas and ethylene costs.

Midstream, Marketing and Other Segment

Midstream and marketing segment earnings for the three months ended June 30, 2012 and 2011, were \$77 million and \$187 million, respectively. Earnings for the second quarter of 2012, compared to the same period of 2011, predominantly reflected lower margins in the marketing and trading and gas processing businesses, partially offset by higher income in the pipeline businesses.

Midstream and marketing segment earnings for the six months ended June 30, 2012 and 2011, were \$208 million and \$301 million, respectively. Earnings for the first six months of 2012, compared to the same period of 2011, reflected lower margins in the marketing and trading businesses, partially offset by improved results in the pipeline businesses.

Corporate

In June 2012, Occidental issued \$1.75 billion of debt which comprised \$1.25 billion of 2.70-percent senior unsecured notes due 2023 and \$500 million of 1.50-percent senior unsecured notes due 2018. Occidental received net proceeds of approximately \$1.74 billion. Interest on the notes will be payable semi-annually in arrears in February and August of each year for both series of notes.

Liquidity and Capital Resources

At June 30, 2012, Occidental had approximately \$4.4 billion in cash on hand. In addition, Occidental currently has available but unused committed bank credit of \$2.0 billion. Income and cash flows are largely dependent on oil and gas prices and volumes. Occidental believes that cash on hand and cash generated from operations will be sufficient to fund its operating needs and planned capital expenditures, dividends and any debt payments.

Occidental's cash flow from operations for the six months ended June 30, 2012, increased by \$0.4 billion to \$6.0 billion from \$5.6 billion in the same period in 2011, while net income decreased by \$0.5 billion during the same

period. Lower net income in the 2012 period was caused by higher non-cash charges, mainly DD&A and deferred income taxes. Cash flow from operations in the first six months of 2012, compared to the same period in 2011, also reflected six percent higher average realized worldwide oil prices, 42 percent lower average realized domestic gas prices and 14 percent lower worldwide NGL prices. Approximately 64 percent of Occidental's natural gas was produced in the United States. The oil price increase had a significantly larger impact on cash flows than gas and NGL price decreases. The net impact of these price changes, higher oil and gas segment volumes and the operating results of the chemical and midstream and marketing segments was positive in 2012 compared to 2011. The impact of the chemical and midstream and marketing segments' margins on overall cash flows is generally less significant than the impact of oil and gas segment cash flows because the chemical and midstream and marketing segments are significantly smaller.

Occidental's net cash used by investing activities was \$6.2 billion for the first six months of 2012, compared to \$4.3 billion for the same period of 2011. The 2012 amount included payments of \$1.0 billion for acquisitions of various interests in domestic oil and gas properties. The 2011 amount included payments of \$3.9 billion for acquisitions of various interests in domestic oil and gas properties and the Al Hosn Shah gas project and \$2.6 billion of cash received from the sale of the Argentine discontinued operations. Capital expenditures for the first six months of 2012 were \$5.1 billion, including \$4.2 billion for oil and gas. Capital expenditures for the first six months of 2011 were \$3.0 billion, including \$2.5 billion for oil and gas.

Occidental's net cash provided by financing activities was \$0.8 billion for the first six months of 2012, compared to net cash used by financing activities of \$1.9 billion for the same period of 2011. The 2012 amount included borrowings of \$1.7 billion, dividend payments of \$813 million and purchases of treasury stock of \$152 million. The 2011 amount included the early repayment of \$1.5 billion of Occidental's debt, net short-term borrowings of \$500 million, dividend payments of \$685 million and \$121 million of distributions paid to a noncontrolling interest partner.

As of June 30, 2012, under the most restrictive covenants of its financing agreements, Occidental had substantial capacity for additional unsecured borrowings, the payment of cash dividends and other distributions on, or acquisitions of, Occidental stock. In April 2012, Moody's Investors Service upgraded Occidental's senior unsecured debt rating from A2 to A1.

Occidental's capital spending for 2012 is expected to be approximately \$9.2 billion and will be focused on increasing oil and gas production and ensuring Occidental's returns remain well above its cost of capital given current oil and gas prices and the cost environment. Approximately 13 percent of the total 2012 capital will be for the Al Hosn Shah gas project.

Environmental Liabilities and Expenditures

Occidental's operations are subject to stringent federal, state, local and foreign laws and regulations related to improving or maintaining environmental quality. Occidental's environmental compliance costs have generally increased over time and are expected to rise in the future. Occidental factors environmental expenditures for its operations into its business planning process as an integral part of producing quality products responsive to market demand.

The laws that require or address environmental remediation, including the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and similar federal, state, local and foreign laws, may apply retroactively and regardless of fault, the legality of the original activities or the current ownership or control of sites. OPC or certain of its subsidiaries participate in or actively monitor a range of remedial activities and government or private proceedings under these laws with respect to alleged past practices at operating, closed and third-party sites. Remedial activities may include one or more of the following: investigation involving sampling, modeling, risk assessment or monitoring; cleanup measures including removal, treatment or disposal; or operation and maintenance of remedial systems. The environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

As of June 30, 2012, Occidental participated in or monitored remedial activities or proceedings at 164 sites. The following table presents Occidental's environmental remediation reserves as of June 30, 2012, the current portion of which is included in accrued liabilities (\$79 million) and the remainder in deferred credits and other liabilities — other (\$257 million). The reserves are grouped as environmental remediation sites listed or proposed for listing by the United States Environmental Protection Agency on the CERCLA National Priorities List (NPL sites) and three categories of non-NPL sites — third-party sites, Occidental-operated sites and closed or non-operated Occidental sites.

	Number of Sites	Reserve Balance (in millions)
NPL sites	37	\$ 56
Third-party sites	76	82
Occidental-operated sites	22	114
Closed or non-operated Occidental sites	29	84
Total	164	\$ 336

As of June 30, 2012, Occidental's environmental reserves exceeded \$10 million at 10 of the 164 sites described above, and 114 of the sites had reserves from zero to \$1 million each. Occidental expects to expend funds corresponding to approximately half of the current environmental reserves at the sites described above over the next four years and the balance at these sites over the subsequent 10 or more years. Occidental believes its range of reasonably possible additional losses beyond those liabilities recorded for environmental remediation at these sites could be up to \$370 million. The status of Occidental's involvement with the sites and related significant assumptions have not changed materially since December 31, 2011.

Refer to the "Environmental Liabilities and Expenditures" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Occidental's Annual Report on Form 10-K for the year ended December 31, 2011, for additional information regarding Occidental's environmental expenditures.

Lawsuits, Claims, Commitments and Other Contingencies

OPC or certain of its subsidiaries are involved, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties or injunctive or declaratory relief. OPC or certain of its subsidiaries also have been involved in proceedings under CERCLA and similar federal, state, local and foreign environmental laws. These environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties and injunctive relief; however, Occidental or such subsidiaries are usually among many companies in these proceedings and have to date been successful in sharing response costs with other financially sound companies. Occidental accrues reserves for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. Occidental has disclosed its reserve balance for environmental matters. Reserve balances for other matters as of June 30, 2012, and December 31, 2011, were not material to Occidental's consolidated balance sheets. Occidental also evaluates the amount of reasonably possible losses that it could incur as a result of the matters mentioned above. Occidental has disclosed its range of reasonably possible additional losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible losses that it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. While the audits of corporate tax returns for taxable years through 2009 have concluded for United States federal income tax purposes, subsequent taxable years, including the current year, are under various stages of review by the United States Internal Revenue Service pursuant to its Compliance Assurance Program. Taxable years from 2000 through the current year remain subject to

examination by foreign and state government tax authorities in certain jurisdictions. In certain of these jurisdictions, tax authorities are in various stages of auditing Occidental's income taxes. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law. Occidental believes that the resolution of outstanding tax matters would not have a material adverse effect on its consolidated financial position or results of operations.

OPC, its subsidiaries or both have indemnified various parties against specified liabilities that those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of June 30, 2012, Occidental is not aware of circumstances that it believes would reasonably be expected to lead to indemnity claims that would result in payments materially in excess of reserves.

Recently Adopted Accounting and Disclosure Changes

Fair Value Measurements — Beginning in the quarter ended March 31, 2012, Occidental enhanced its fair value measurement application and disclosures as a result of adopting new requirements issued by the Financial Accounting Standards Board in May 2011. The new rules include revisions to the standards for the use of fair value measurements and additional disclosures for: (i) all transfers between Level 1 and Level 2 of the fair value hierarchy; (ii) Level 3 measurements; and (iii) hierarchy classifications used for assets and liabilities whose fair value is disclosed only in the footnotes. The new rules did not have a material impact on Occidental.

Safe Harbor Statement Regarding Outlook and Forward-Looking Information

Portions of this report contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; general domestic political and regulatory approval conditions; higher-than-expected costs; international political conditions; not successfully completing, or any material delay of, any development of new fields, expansion projects, capital expenditures, efficiency-improvement projects, acquisitions or dispositions; potential failure to achieve expected production from existing and future oil and gas development projects or acquisitions; exploration risks such as drilling unsuccessful wells; any changes in general economic conditions domestically or internationally; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; potential disruption or interruption of Occidental's production or manufacturing or damage to facilities due to accidents, chemical releases, labor unrest, weather, natural disasters, political events or insurgent activity; failure of risk management; changes in law or regulations; or changes in tax rates. Words such as "estimate", "project", "predict", "will", "would", "should", "could", "may", "might", "anticipate", "plan", "intend", "believe", "expect", "aim", "goal", "target", "objective", "likely" or similar expressions that convey the uncertainty of future events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information or future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2011 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For the three and six months ended June 30, 2012, there were no material changes in the information required to be provided under Item 305 of Regulation S-K included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations (Incorporating Item 7A) — Derivative Activities and Market Risk" in the 2011 Form 10-K.

Item 4. Controls and Procedures

Occidental's President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer supervised and participated in Occidental's evaluation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, Occidental's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer concluded that Occidental's disclosure controls and procedures were effective as of June 30, 2012.

There has been no change in Occidental's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the second quarter of 2012 that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal proceedings, see the information in Note 7 to the consolidated condensed financial statements in Part I of this Form 10-Q, Part II, Item 1, "Legal Proceedings" in the Form 10-Q for the quarter ended March 31, 2012, and Part I, Item 3, "Legal Proceedings" in the Form 10-K for the year ended December 31, 2011.

The Colombian Council of State ruled on April 12, 2012, that an Occidental Petroleum Corporation subsidiary and a seismic contractor did not comply with certain land use and domestic wastewater regulations in 2007. The Council of State required reforestation of 50 hectares and imposed a civil penalty, paid to a regional environmental authority, of approximately \$400,000 in total, of which the subsidiary's net interest was approximately \$270,000.

Item 2. Share Repurchase Activities

Occidental's share repurchase activities for the three and six months ended June 30, 2012 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
First Quarter 2012	144,542 ^(a)	\$ 104.84	—	
April 1 – 30, 2012	—	\$ —	—	
May 1 – 31, 2012	740,000	\$ 81.38	740,000	
June 1 – 30, 2012	1,020,000	\$ 81.05	1,020,000	
Second Quarter 2012	1,760,000	\$ 81.19	1,760,000	
Total	1,904,542	\$ 82.99	1,760,000	22,725,575

(a) Purchased from the trustee of Occidental's defined contribution savings plan.

Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits

- 10.1 Form of Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Total Shareholder Return Incentive Award Terms And Conditions (Equity-based and Equity-settled Award) (filed as Exhibit 10.2 to Occidental's Current Report on Form 8-K dated July 11, 2012 (date of earliest event reported), filed July 13, 2012, File No. 1-9210).
- 10.2 Form of Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Restricted Stock Incentive Award Terms and Conditions (filed as Exhibit 10.3 to Occidental's Current Report on Form 8-K dated July 11, 2012 (date of earliest event reported), filed July 13, 2012, File No. 1-9210).
- 10.3 Form of Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Long-Term Incentive Award Terms and Conditions (Cash-Based, Equity And Cash-Settled Award).
- 10.4 Form of Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Chemical Corporation Return on Assets Incentive Award Terms and Conditions (Cash-Based, Cash-Settled Award).
- 10.5 Form of Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Terms and Conditions (Cash-Based, Cash-Settled Award).
- 10.6 Form of Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Common Stock and Sign-On Bonus and Other Award Agreement.
- 10.7 Agreement with Chief Financial Officer.
- 12 Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the six months ended June 30, 2012 and 2011 and for each of the five years in the period ended December 31, 2011.
- 31.1 Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS XBRL Instance Document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.

SIGNATURES

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

OCCIDENTAL PETROLEUM CORPORATION

DATE: August 6, 2012

/s/ Roy Pineci

Roy Pineci
Vice President, Controller and
Principal Accounting Officer

EXHIBIT INDEX

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**OCCIDENTAL PETROLEUM CORPORATION
2005 LONG-TERM INCENTIVE PLAN
LONG-TERM INCENTIVE AWARD TERMS AND CONDITIONS
(Cash-based, Equity and Cash-settled Award)**

DATE OF GRANT: July 11, 2012

LONG-TERM INCENTIVE UNITS: See Morgan Stanley Smith Barney Benefit Access "Other Awards/My Awards/Awarded"

VESTING DATE SCHEDULE: 1/3 of Long-Term Incentive Units on July 10, 2013
1/3 of Long-Term Incentive Units on July 10, 2014
1/3 of Long-Term Incentive Units on July 10, 2015

The following **Terms and Conditions** (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental" and, with its subsidiaries, the "Company"), and the Eligible Employee receiving this award (the "Grantee").

1. **GRANT OF LONG-TERM INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the number of Long-Term Incentive Units ("LTI Units") set forth above, subject to adjustment under the Plan and Section 6 of these Terms and Conditions. An LTI Unit represents one share of Occidental Common Stock, \$0.20 par value (the "Common Stock"). LTI Units are not Common Stock and have no voting rights or, except as stated in Section 5, dividend rights. The LTI Units, if payable, shall be paid 50% in Shares and 50% in a cash payment that is based on the Long-Term Incentive Value as set forth in Section 4. "Long-Term Incentive Value" means the last reported sale price of a share of Common Stock on the New York Stock Exchange Composite Transactions on the applicable scheduled Vesting Date, Forfeiture Event, or Change in Control event.

2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive Shares or cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).

3. **VESTING AND FORFEITURE OF LONG-TERM INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on the Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Long-Term Incentive Award through Morgan Stanley Smith Barney Benefit Access or any replacement on-line system designated by the Company.

(b) The Grantee must remain in the continuous employ of the Company through the applicable Vesting Date to receive payment of this award in the number of LTI Units shown for such Vesting Date. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company

and its affiliates or an approved leave of absence. However, if, prior to any Vesting Date, the Grantee dies, becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, retires with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the number of unvested LTI Units will be reduced on a pro rata basis to the number obtained by (i) multiplying the total number of LTI Units granted by a fraction, the numerator of which is the number of days between the Forfeiture Event and the Date of Grant and the denominator of which is the number of days between the Grant Date and the final Vesting Date and (ii) subtracting from the product the number of LTI Units that vested prior to the Forfeiture Event. Such pro rata unvested LTI Units shall vest as of the date of the Forfeiture Event and become immediately payable. If the Grantee terminates employment voluntarily or is terminated for cause before any Vesting Date, then these Terms and Conditions will terminate automatically on the date of the Grantee's termination and the Grantee shall forfeit the right to receive any unvested LTI Units.

(c) If a Change in Control event occurs prior to the last scheduled Vesting Date, all unvested LTI Units shall immediately vest and become nonforfeitable unless, prior to the occurrence of the Change in Control event, the Committee, as provided in Section 7.1 of the Plan, determines that such event will not accelerate vesting of any of these LTI Units. Any such determination by the Committee is binding on the Grantee.

4. **PAYMENT OF AWARDS.** Payment for each vested LTI Unit, as adjusted pursuant to Sections 3 and 6 of these Terms and Conditions, will be made 50% in Shares and 50% in cash. The cash payment will equal 50% of the Long-Term Incentive Value on the applicable scheduled Vesting Date, Forfeiture Event or the Change in Control event. Payment of the cash and issuance of the Shares will be made as promptly as practicable after such Date or event, and in any event no later than the 15th day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

5. **CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS.** With respect to the number of LTI Units listed above, the Grantee will be credited on the books and records of Occidental with an amount (the "Dividend Equivalent") equal to the amount per share of any cash dividends declared by the Board on the outstanding Common Stock as and when declared during the period beginning on the Date of Grant and ending, with respect to any portion of the LTI Units covered by these Terms and Conditions, on the date on which the Grantee's right to receive such portion becomes nonforfeitable, or, if earlier, the date on which the Grantee forfeits the right to receive such portion. Occidental will pay in cash to the Grantee an amount equal to the Dividend Equivalents credited to such Grantee as promptly as may be practicable after the Grantee has been credited with a Dividend Equivalent, and within 70 days of the relevant record date.

6. **ADJUSTMENTS.** The number of LTI Units covered by this Grant may be adjusted as the Committee determines, pursuant to Section 7.2 of the Plan, in order to prevent dilution or expansion of the Grantee's rights under these Terms and Conditions as a result of events such as stock dividends, stock splits, or other change in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction or event having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment containing an explanation of the nature of the adjustment.

7. **NO EMPLOYMENT CONTRACT.** Nothing in these Terms and Conditions confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any

manner the right of the Company to terminate the employment or adjust the compensation of the Grantee. Unless otherwise agreed in a writing signed by the Grantee and an authorized representative of the Company, the Grantee's employment with the Company is at will and may be terminated at any time by the Grantee or the Company.

8. **TAXES AND WITHHOLDING.** Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local tax and non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company. The Grantee further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Long-Term Incentive Award, including the grant or vesting of the Long-Term Incentive Award and the receipt of Dividend Equivalents; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Long-Term Incentive Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee (A) in connection with the issuance of any Shares or the payment of cash or any other consideration pursuant to this Long-Term Incentive Award (other than the payment of Dividend Equivalents), from any cash and Shares that are to be paid or issued to the Grantee pursuant to these Terms and Conditions, in equal portions from the Shares and cash, or (B) in connection with the granting of the Long-Term Incentive Award or the payment of Dividend Equivalents pursuant to these Terms and Conditions, first from the cash payable pursuant to this Long-Term Incentive Award (including Dividend Equivalents) and, if not sufficient, from the Grantee's wages or other cash compensation. The Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of the Grantee's receipt of this Long-Term Incentive Award that cannot be satisfied by the means previously described.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all federal, state and non-U.S. laws applicable to awards of this type. However, if it is not feasible for the Company to comply with these laws with respect to the grant or settlement of these awards, then the awards may be cancelled without any compensation or additional benefits provided to Grantee as a result of the cancellation.

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Long-Term Incentive Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Long-Term Incentive Award does not create any

contractual or other right to receive future grants of Long-Term Incentive Awards or benefits in lieu of Long-Term Incentive Awards, even if Grantee has a history of receiving Long-Term Incentive Awards or other cash or stock awards.

11. **AMENDMENTS.** The Plan may be modified, amended, suspended or terminated by the Board at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions; however, no amendment will adversely affect the rights of the Grantee under these Terms and Conditions without the Grantee's consent.

12. **SEVERABILITY.** If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

13. **ENTIRE AGREEMENT; RELATION TO PLAN; INTERPRETATION.** Except as specifically provided in this Section, these Terms and Conditions and the Attachments incorporated in these Terms and Conditions constitute the entire agreement between the Company and the Grantee with respect to this Long-Term Incentive Award. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definitions have the meanings assigned to them in the Plan. References to Sections and Attachments are to Sections of, and Attachments incorporated in, these Terms and Conditions unless otherwise noted.

14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 3, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

16. **PRIVACY RIGHTS.** By accepting this Long-Term Incentive Award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Long-Term Incentive Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in

electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

17. **ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to this Long-Term Incentive Award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. **GRANTEE'S REPRESENTATIONS AND RELEASES.** By accepting this Long-Term Incentive Award, the Grantee acknowledges that the Grantee has read these Terms and Conditions and understands that (i) the grant of this Long-Term Incentive Award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Long-Term Incentive Award is granted; (ii) all decisions with respect to future awards, if any, will be at the sole discretion of Occidental; (iii) the Grantee's participation in the Plan is voluntary; (iv) this Long-Term Incentive Award is an extraordinary item that does not constitute a regular and recurring item of base compensation; (v) the future amount of any cash payment pursuant to this Long-Term Incentive Award cannot be predicted and Occidental does not assume liability in the event this Long-Term Incentive Award has no value in the future; (vi) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction; and (vii) Occidental is not providing any tax, legal or financial advice with respect to this Long-Term Incentive Award or the Grantee's participation in the Plan.

In consideration of the grant of this Long-Term Incentive Award, no claim or entitlement to compensation or damages shall arise from termination of this Long-Term Incentive Award or diminution in value of this Long-Term Incentive Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever) and, to the extent permitted by law, the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Long-Term Incentive Award, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

By accepting this Long-Term Incentive Award, the Grantee agrees, to the extent not contrary to applicable law, to the General Terms of Employment set out on Attachment 1 and the Arbitration Provisions set out on Attachment 2, which, in each case, are incorporated in these Terms and Conditions by reference.

19. **IMPOSITION OF OTHER REQUIREMENTS.** Occidental reserves the right to impose other requirements on the Grantee's participation in the Plan and on the Long-Term Incentive Award, to the extent Occidental determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **COMPLIANCE WITH SECTION 409A OF THE CODE.** All amounts payable under these Terms and Conditions are intended to comply with the "short term deferral" exception from Section 409A of the U.S. Internal Revenue Code ("Section 409A") specified in Treas. Reg. § 1.409A-1(b)(4) (or any successor provision) and shall be paid within the period necessary to qualify for such exception. Notwithstanding the foregoing, to the extent that it is determined that the Plan or this award is subject to Section 409A, these Terms and Conditions shall be interpreted and administered in such a way as to comply with the applicable provisions of Section 409A to the maximum extent possible. In addition, if this award is subject to Section 409A and the Grantee must be treated as a "specified employee" within the meaning of Section 409A, any payment made on account of the Grantee's separation from service (as defined for purposes of Section 409A) (other than by reason of death) will be made at the time specified above in these Terms and Conditions or, if later, on the date that is six (6) months and one (1) day following the date of the Grantee's separation from service. To the extent that the Board determines that the Plan or this award is subject to Section 409A and fails to comply with the requirements of Section 409A, the Board reserves the right (without any obligation to do so) to amend or terminate the Plan and/or amend, restructure, terminate or replace this award in order to cause this award to either not be subject to Section 409A or to comply with the applicable provisions of such section.

Attachment 1

General Terms of Employment

A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its subsidiaries or other affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "Occidental Parties"), at any time during or after the Grantee's employment by any of them, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.

B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.

C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.

D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (1) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (2) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.

E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in substance that provisions in an employment agreement providing that an employee shall assign or offer to assign rights in an invention to his or her employer do not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, except for those inventions that either (a) relate, at the time of conception or reduction to practice of the invention, (1) to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (b) result from any work performed by the employee for the employer.

F. The foregoing General Terms of Employment are not intended to be an exclusive list of the employment terms and conditions that apply to the Grantee. The Company, in its sole discretion, may at any time amend or supplement the foregoing terms. The Grantee's breach of the foregoing General Terms of Employment will entitle the Company to take appropriate disciplinary action, including, without limitation, reduction of the Long-Term Incentive Award granted pursuant to these Terms and Conditions and termination of employment.

Attachment 2

Arbitration Provisions

Any dispute arising out of or in any way related to the Grantee's employment with the Company, or the termination of that employment, will be decided exclusively by final and binding arbitration pursuant to any procedures required by applicable law. To the extent not inconsistent with applicable law, any arbitration will be submitted to American Arbitration Association ("AAA") and subject to AAA Employment Arbitration Rules and Mediation Procedures in effect at the time of filing of the demand for arbitration. Only the following claims are excluded from these Terms and Conditions: (1) claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, (2) to the extent permitted by applicable law, claims for provisional remedies to maintain the status quo pending the outcome of arbitration, (3) claims based on compensation award agreements and incentive plans and (4) claims which are not permitted by applicable law to be subject to a binding pre-dispute arbitration agreement.

Any controversy regarding whether a particular dispute is subject to arbitration under this Section shall be decided by the arbitrator.

To the extent required under applicable law, the Grantee's responsibility for payment of the neutral arbitrator's fees and expenses shall be limited to an amount equal to the filing fee that would be required for a state trial court action and the Company shall pay all remaining fees and expenses of the arbitrator. Unless otherwise required under applicable law, the parties shall each pay their pro rata share of the neutral arbitrator's expenses and fees. Any controversy regarding the payment of fees and expenses under this arbitration provision shall be decided by the arbitrator.

The arbitrator may award any form of remedy or relief (including injunctive relief) that would otherwise be available in court. Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award. The award rendered by the arbitrator shall be conclusive and binding upon the parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. To the extent not inconsistent with applicable laws, the arbitrator will have the authority to hear and grant motions.

OCCIDENTAL PETROLEUM CORPORATION
2005 LONG-TERM INCENTIVE PLAN
OCCIDENTAL CHEMICAL CORPORATION
RETURN ON ASSETS INCENTIVE AWARD TERMS AND CONDITIONS
(Cash-based, Cash-settled Award)

DATE OF GRANT: July 11, 2012

TARGET INCENTIVE AMOUNT: See Morgan Stanley Smith Barney Benefit Access "ROEI and ROAI/My Awards/Awarded"

PERFORMANCE PERIOD: January 1, 2013 through December 31, 2016

The following **Terms and Conditions** (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental" and, with its subsidiaries, the "Company"), and the Eligible Employee receiving this award (the "Grantee").

1. **GRANT OF RETURN ON ASSETS INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the right to receive in cash up to 200% of the Target Incentive Amount.
2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).
3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Assets, as set forth on Exhibit 1. Return on Assets for the purposes of Exhibit 1 shall be the percentage obtained by (i) multiplying (A) the sum of before-tax earnings for the Chemical Segment for each year in the Performance Period, as reported in the preliminary year-end financial statements of the Company, by (B) 0.65; and (ii) dividing the resulting product by the sum of the Chemical Segment Assets as of December 31st for each year in the Performance Period. For the purpose of the foregoing sentence, "Assets" will reflect all acquisitions, divestures and write downs during the Performance Period unless the senior management of Occidental recommends exclusion and the Committee agrees.
4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Long-Term Incentive Award through Morgan Stanley Smith Barney Benefit Access or any replacement on-line system designated by the Company.

(b) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive payment of this award. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company and its affiliates or an approved leave of absence. However, if, prior to the end of the Performance Period, the Grantee dies, becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, retires with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the Target Incentive Amount upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event. If the Grantee terminates employment voluntarily or is terminated for cause before the end of the Performance Period, then these Terms and Conditions will terminate automatically on the date of the Grantee's termination and the Grantee shall forfeit the right to receive any cash hereunder.

(c) The Grantee's right to receive payment in cash of this award in an amount not to exceed 200% of the Target Incentive Amount will be based on, and become nonforfeitable upon the Committee's certification of, the attainment of the Performance Goal.

(d) For the purposes of Section 4(c), if prior to the end of the Performance Period, the Grantee transfers his employment among the Company and its affiliates, the amount of the award attained by the Grantee shall be determined by assessing the level of achievement of the Performance Goals, if any, certified by the Committee for each entity which employed the Grantee during the Performance Period and multiplying the Target Incentive Amount attainable at such level by a fraction equal to the number of days in the Performance Period that the Grantee worked for the entity divided by the total number of days in the Performance Period. If employees of the entity to which the Grantee transfers did not receive substantially similar Return on Asset Incentive Awards, then the amount of the award attained by the Grantee shall be determined as if the Grantee had not transferred but had remained with Grantee's original employer.

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Grantee's right to receive cash equal to the Target Incentive Amount (as adjusted for any Forfeiture Event pursuant to Section 4(b)) will become nonforfeitable.

5. **PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 6 of these Terms and Conditions, will be settled in cash only. Payment will be made to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in Control event, as the case may be, and shall be made no later than the 15th day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

6. **ADJUSTMENTS.** The Committee may adjust the Performance Goal or other features of this Grant as permitted by Section 5.2.3 of the Plan.

7. **NO EMPLOYMENT CONTRACT.** Nothing in these Terms and Conditions confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee. Unless otherwise agreed in a writing signed by the Grantee and an authorized representative of the Company, the Grantee's employment with the Company is at will and may be terminated at any time by the Grantee or the Company.

8. **TAXES AND WITHHOLDING.** Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local tax and non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company. The Grantee further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Return on Assets Incentive Award, including the grant or vesting of the Return on Assets Incentive Award; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Return on Assets Incentive Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee first from the cash payable pursuant to this Return on Assets Incentive Award, and if not sufficient, from the Grantee's wages or other cash compensation. The Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of Grantee's receipt of this Return on Assets Incentive Award that cannot be satisfied by the means previously described.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all applicable federal, state and non-U.S. laws. However, if it is not feasible for the Company to comply with these laws with respect to the grant or settlement of these awards, then the awards may be cancelled without any compensation or additional benefits provided to Grantee as a result of the cancellation.

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Return on Assets Incentive Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Return on Assets Incentive Award does not create any contractual or other right to receive future grants of Return on Assets Incentive Awards or benefits in lieu of Return on Assets Incentive Awards, even if Grantee has a history of receiving Return on Assets Incentive Awards, or other cash or stock awards.

11. **AMENDMENTS.** The Plan may be modified, amended, suspended or terminated by the Board at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions; however, no amendment will adversely affect the rights of the Grantee under these Terms and Conditions without the Grantee's consent.

12. **SEVERABILITY.** If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

13. **ENTIRE AGREEMENT; RELATION TO PLAN; INTERPRETATION.** Except as specifically provided in this Section, these Terms and Conditions, the Exhibit and the Attachments incorporated in these Terms and Conditions constitute the entire agreement between the Company and the Grantee with respect to this Return on Assets Incentive Award. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definition have the meanings assigned to them in the Plan. References to Sections, Exhibits and Attachments are to Sections of, and Exhibits and Attachments incorporated in, these Terms and Conditions unless otherwise noted.

14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 4, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

16. **PRIVACY RIGHTS.** By accepting this Return on Assets Incentive Award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Return on Assets Incentive Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

17. **ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to this Return on Assets Incentive Award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. **GRANTEE'S REPRESENTATIONS AND RELEASES.** By accepting this Return on Assets Incentive Award, the Grantee acknowledges that the Grantee has read these Terms and Conditions and understands that (i) the grant of this Return on Assets Incentive Award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Return on Assets Incentive Award is granted; (ii) all decisions with respect to future awards, if any, will be at the sole discretion of Occidental; (iii) the Grantee's participation in the Plan is voluntary; (iv) this Return on Assets Incentive Award is an extraordinary item that does not constitute a regular and recurring item of base compensation; (v) the future amount of any cash payment pursuant to this Return on Assets Incentive Award cannot be predicted and Occidental does not assume liability in the event this Return on Assets Incentive Award has no value in the future; (vi) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction; and (vii) Occidental is not providing any tax, legal or financial advice with respect to this Return on Assets Incentive Award or the Grantee's participation in the Plan.

In consideration of the grant of this Return on Assets Incentive Award, no claim or entitlement to compensation or damages shall arise from termination of this Return on Assets Incentive Award or diminution in value of this Return on Assets Incentive Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever) and, to the extent permitted by law, the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting these Terms and Conditions, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

By accepting this Return on Assets Incentive Award, the Grantee agrees, to the extent not contrary to applicable law, to the General Terms of Employment set out on Attachment 1 and the Arbitration Provisions set out on Attachment 2, which, in each case, are incorporated in these Terms and Conditions by reference.

19. **IMPOSITION OF OTHER REQUIREMENTS.** Occidental reserves the right to impose other requirements on the Grantee's participation in the Plan and on the Return on Assets Incentive Award, to the extent Occidental determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **COMPLIANCE WITH SECTION 409A OF THE CODE.** All amounts payable under these Terms and Conditions are intended to comply with the “short term deferral” exception from Section 409A of the U.S. Internal Revenue Code (“Section 409A”) specified in Treas. Reg. § 1.409A-1(b)(4) (or any successor provision) and shall be paid within the period necessary to qualify for such exception. Notwithstanding the foregoing, to the extent that it is determined that the Plan or this award is subject to Section 409A, these Terms and Conditions shall be interpreted and administered in such a way as to comply with the applicable provisions of Section 409A to the maximum extent possible. To the extent that the Board determines that the Plan or this award is subject to Section 409A and fails to comply with the requirements of Section 409A, the Board reserves the right (without any obligation to do so) to amend or terminate the Plan and/or amend, restructure, terminate or replace this award in order to cause this award to either not be subject to Section 409A or to comply with the applicable provisions of such section.

EXHIBIT 1
2005 Long-Term Incentive Plan

2012 Occidental Chemical Corporation Return on Assets Incentive Award

(Payment Percentage of Target Incentive Amount of Return on Assets Incentive Award
that becomes Nonforfeitable
Based on Return on Assets for the Four-Year Period Ending December 31, 2016)

<u>End of Period Return on Assets</u>	<u>Payment Percentage*</u>
12% or more	200%
9%	100%
6% or less	0%

Payment Percentages for Return on Assets for other values between 6% and 9% and between 9% and 12% will be interpolated in the Committee's discretion.

Attachment 1

General Terms of Employment

A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its subsidiaries or other affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "Occidental Parties"), at any time during or after the Grantee's employment by the Company, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.

B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.

C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.

D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (1) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (2) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.

E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in substance that provisions in an employment agreement providing that an employee shall assign or offer to assign rights in an invention to his or her employer do not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, except for those inventions that either (a) relate, at the time of conception or reduction to practice of the invention, (1) to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (b) result from any work performed by the employee for the employer.

F. The foregoing General Terms of Employment are not intended to be an exclusive list of the employment terms and conditions that apply to the Grantee. The Company, in its sole discretion, may at any time amend or supplement the foregoing terms. The Grantee's breach of the foregoing General Terms of Employment will entitle the Company to take appropriate disciplinary action, including, without limitation, reduction of the Return on Assets Incentive Award granted pursuant to these Terms and Conditions and termination of employment.

Attachment 2

Arbitration Provisions

Any dispute arising out of or in any way related to the Grantee's employment with any of the Occidental Parties, or the termination of that employment, will be decided exclusively by final and binding arbitration pursuant to any procedures required by applicable law. To the extent not inconsistent with applicable law, any arbitration will be submitted to American Arbitration Association ("AAA") and subject to AAA Employment Arbitration Rules and Mediation Procedures in effect at the time of filing of the demand for arbitration. Only the following claims are excluded from these Terms and Conditions: (1) claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, (2) to the extent permitted by applicable law, claims for provisional remedies to maintain the status quo pending the outcome of arbitration, (3) claims based on employee compensation award agreements and incentive plans and (4) claims which are not permitted by applicable law to be subject to a binding pre-dispute arbitration agreement.

Any controversy regarding whether a particular dispute is subject to arbitration under this Section shall be decided by the arbitrator.

To the extent required under applicable law, the Grantee's responsibility for payment of the neutral arbitrator's fees and expenses shall be limited to an amount equal to the filing fee that would be required for a state trial court action and the Company shall pay all remaining fees and expenses of the arbitrator. Unless otherwise required under applicable law, the parties shall each pay their pro rata share of the neutral arbitrator's expenses and fees. Any controversy regarding the payment of fees and expenses under this arbitration provision shall be decided by the arbitrator.

The arbitrator may award any form of remedy or relief (including injunctive relief) that would otherwise be available in court. Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award. The award rendered by the arbitrator shall be conclusive and binding upon the parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. To the extent not inconsistent with applicable laws, the arbitrator will have the authority to hear and grant motions.

OCCIDENTAL PETROLEUM CORPORATION
 2005 LONG-TERM INCENTIVE PLAN
 OCCIDENTAL OIL AND GAS CORPORATION
 RETURN ON ASSETS INCENTIVE AWARD TERMS AND CONDITIONS
 (Cash-based, Cash-settled Award)

DATE OF GRANT: July 11, 2012

TARGET INCENTIVE AMOUNT: See Morgan Stanley Smith Barney Benefit Access "ROEI and ROAI/My Awards/Awarded"

PERFORMANCE PERIOD: January 1, 2013 through December 31, 2016

The following **Terms and Conditions** (these "Terms and Conditions") are set forth as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental" and, with its subsidiaries, the "Company"), and the Eligible Employee receiving this award (the "Grantee").

1. **GRANT OF RETURN ON ASSETS INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the right to receive in cash up to 200% of the Target Incentive Amount.

2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).

3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Assets, as set forth on Exhibit 1. Return on Assets for the purposes of Exhibit 1 shall be the percentage obtained by dividing (i) the sum of after-tax earnings for the Oil and Gas Segment for each year in the Performance Period, as reported in the preliminary year-end financial statements of the Company, by (ii) the sum of the Oil and Gas Assets as of December 31st for each year in the Performance Period. For the purpose of the foregoing sentence, "Assets" will reflect all acquisitions, divestures and write downs during the Performance Period unless the senior management of Occidental recommends exclusion and the Committee agrees.

4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Long-Term Incentive Award through Morgan Stanley Smith Barney Benefit Access or any replacement on-line system designated by the Company.

(b) The Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive payment of this award. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the

Grantee's employment among the Company and its affiliates or an approved leave of absence. However, if, prior to the end of the Performance Period, the Grantee dies, becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, retires with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the Target Incentive Amount upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event. If the Grantee terminates employment voluntarily or is terminated for cause before the end of the Performance Period, then these Terms and Conditions will terminate automatically on the date of the Grantee's termination and the Grantee shall forfeit the right to receive any cash hereunder.

(c) The Grantee's right to receive payment in cash of this award in an amount not to exceed 200% of the Target Incentive Amount will be based on, and become nonforfeitable upon the Committee's certification of, the attainment of the Performance Goal.

(d) For the purposes of Section 4(c), if prior to the end of the Performance Period, the Grantee transfers his employment among the Company and its affiliates, the amount of the award attained by the Grantee shall be determined by assessing the level of achievement of the Performance Goals, if any, certified by the Committee for each entity which employed the Grantee during the Performance Period and multiplying the Target Incentive Amount attainable at such level by a fraction equal to the number of days in the Performance Period that the Grantee worked for the entity divided by the total number of days in the Performance Period. If employees of the entity to which the Grantee transfers did not receive substantially similar Return on Asset Incentive Awards, then the amount of the award attained by the Grantee shall be determined as if the Grantee had not transferred but had remained with Grantee's original employer.

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Grantee's right to receive cash equal to the Target Incentive Amount (as adjusted for any Forfeiture Event pursuant to Section 4(b)) will become nonforfeitable.

5. **PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 6 of these Terms and Conditions, will be settled in cash only. Payment will be made to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in Control event, as the case may be, and shall be made no later than the 15th day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

6. **ADJUSTMENTS.** The Committee may adjust the Performance Goal or other features of this Grant as permitted by Section 5.2.3 of the Plan.

7. **NO EMPLOYMENT CONTRACT.** Nothing in these Terms and Conditions confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee. Unless otherwise agreed in a writing signed by the Grantee and an authorized representative of the Company, the Grantee's employment with the Company is at will and may be terminated at any time by the Grantee or the Company.

8. **TAXES AND WITHHOLDING.** Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local tax and non-U.S. tax), social

insurance, payroll tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company. The Grantee further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Return on Assets Incentive Award, including the grant or vesting of the Return on Assets Incentive Award; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Return on Assets Incentive Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee first from the cash payable pursuant to this Return on Assets Incentive Award, and if not sufficient, from the Grantee's wages or other cash compensation. The Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of Grantee's receipt of this Return on Assets Incentive Award that cannot be satisfied by the means previously described.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all applicable federal, state and non-U.S. laws. However, if it is not feasible for the Company to comply with these laws with respect to the grant or settlement of these awards, then the awards may be cancelled without any compensation or additional benefits provided to Grantee as a result of the cancellation.

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Return on Assets Incentive Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Return on Assets Incentive Award does not create any contractual or other right to receive future grants of Return on Assets Incentive Awards or benefits in lieu of Return on Assets Incentive Awards, even if Grantee has a history of receiving Return on Assets Incentive Awards, or other cash or stock awards.

11. **AMENDMENTS.** The Plan may be modified, amended, suspended or terminated by the Board at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to these Terms and Conditions to the extent it is applicable to these Terms and Conditions; however, no amendment will adversely affect the rights of the Grantee under these Terms and Conditions without the Grantee's consent.

12. **SEVERABILITY.** If one or more of the provisions of these Terms and Conditions is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of these Terms and Conditions, and the

remaining provisions of these Terms and Conditions will continue to be valid and fully enforceable.

13. **ENTIRE AGREEMENT; RELATION TO PLAN; INTERPRETATION.** Except as specifically provided in this Section, these Terms and Conditions, the Exhibit and the Attachments incorporated in these Terms and Conditions constitute the entire agreement between the Company and the Grantee with respect to this Return on Assets Incentive Award. These Terms and Conditions are subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between these Terms and Conditions and the Plan, the provisions of the Plan control. Capitalized terms used in these Terms and Conditions without definition have the meanings assigned to them in the Plan. References to Sections, Exhibits and Attachments are to Sections of, and Exhibits and Attachments incorporated in, these Terms and Conditions unless otherwise noted.

14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 4, the provisions of these Terms and Conditions shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of these Terms and Conditions.

16. **PRIVACY RIGHTS.** By accepting this Return on Assets Incentive Award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in these Terms and Conditions by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Return on Assets Incentive Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

17. **ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to this Return on Assets Incentive Award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to

participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. **GRANTEE'S REPRESENTATIONS AND RELEASES.** By accepting this Return on Assets Incentive Award, the Grantee acknowledges that the Grantee has read these Terms and Conditions and understands that (i) the grant of this Return on Assets Incentive Award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Return on Assets Incentive Award is granted; (ii) all decisions with respect to future awards, if any, will be at the sole discretion of Occidental; (iii) the Grantee's participation in the Plan is voluntary; (iv) this Return on Assets Incentive Award is an extraordinary item that does not constitute a regular and recurring item of base compensation; (v) the future amount of any cash payment pursuant to this Return on Assets Incentive Award cannot be predicted and Occidental does not assume liability in the event this Return on Assets Incentive Award has no value in the future; (vi) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction; and (vii) Occidental is not providing any tax, legal or financial advice with respect to this Return on Assets Incentive Award or the Grantee's participation in the Plan.

In consideration of the grant of this Return on Assets Incentive Award, no claim or entitlement to compensation or damages shall arise from termination of this Return on Assets Incentive Award or diminution in value of this Return on Assets Incentive Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever) and, to the extent permitted by law, the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting these Terms and Conditions, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

By accepting this Return on Assets Incentive Award, the Grantee agrees, to the extent not contrary to applicable law, to the General Terms of Employment set out on Attachment 1 and the Arbitration Provisions set out on Attachment 2, which, in each case, are incorporated in these Terms and Conditions by reference.

19. **IMPOSITION OF OTHER REQUIREMENTS.** Occidental reserves the right to impose other requirements on the Grantee's participation in the Plan and on the Return on Assets Incentive Award, to the extent Occidental determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **COMPLIANCE WITH SECTION 409A OF THE CODE.** All amounts payable under these Terms and Conditions are intended to comply with the "short term deferral" exception from Section 409A of the U.S. Internal Revenue Code ("Section 409A") specified in Treas. Reg. § 1.409A-1(b)(4) (or any successor provision) and shall be paid within the period necessary to qualify for such exception. Notwithstanding the foregoing, to the extent that it is determined that the Plan or this award is subject to Section 409A, these Terms and Conditions shall be interpreted and administered in such a way as to comply with the applicable provisions of Section 409A to the maximum extent possible. To the extent that the Board determines that the Plan or this award is subject to Section 409A and fails to comply with the requirements of Section 409A, the Board reserves the right (without any obligation to do so) to amend or terminate the Plan and/or amend, restructure, terminate or replace this award in order to cause this award to either not be subject to Section 409A or to comply with the applicable provisions of such section.

EXHIBIT 1
2005 Long-Term Incentive Plan

2012 Occidental Oil and Gas Corporation Return on Assets Incentive Award

(Payment Percentage of Target Incentive Amount of Return on Assets Incentive Award
that becomes Nonforfeitable
Based on Return on Assets for the Four-Year Period Ending December 31, 2016)

<u>End of Period Return on Assets</u>	<u>Payment Percentage*</u>
18% or more	200%
15%	100%
10% or less	0%

* Payment Percentages for Return on Assets for other values between 10% and 15% and between 15% and 18% will be interpolated in the Committee's discretion.

Attachment 1

General Terms of Employment

A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its subsidiaries or other affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "Occidental Parties"), at any time during or after the Grantee's employment by the Company, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.

B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.

C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.

D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (1) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (2) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.

E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in substance that provisions in an employment agreement providing that an employee shall assign or offer to assign rights in an invention to his or her employer do not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, except for those inventions that either (a) relate, at the time of conception or reduction to practice of the invention, (1) to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (b) result from any work performed by the employee for the employer.

F. The foregoing General Terms of Employment are not intended to be an exclusive list of the employment terms and conditions that apply to the Grantee. The Company, in its sole discretion, may at any time amend or supplement the foregoing terms. The Grantee's breach of the foregoing General Terms of Employment will entitle the Company to take appropriate disciplinary action, including, without limitation, reduction of the Return on Assets Incentive Award granted pursuant to these Terms and Conditions and termination of employment.

Attachment 2

Arbitration Provisions

Any dispute arising out of or in any way related to the Grantee's employment with any of the Occidental Parties, or the termination of that employment, will be decided exclusively by final and binding arbitration pursuant to any procedures required by applicable law. To the extent not inconsistent with applicable law, any arbitration will be submitted to American Arbitration Association ("AAA") and subject to AAA Employment Arbitration Rules and Mediation Procedures in effect at the time of filing of the demand for arbitration. Only the following claims are excluded from these Terms and Conditions: (1) claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, (2) to the extent permitted by applicable law, claims for provisional remedies to maintain the status quo pending the outcome of arbitration, (3) claims based on employee compensation award agreements and incentive plans and (4) claims which are not permitted by applicable law to be subject to a binding pre-dispute arbitration agreement.

Any controversy regarding whether a particular dispute is subject to arbitration under this Section shall be decided by the arbitrator.

To the extent required under applicable law, the Grantee's responsibility for payment of the neutral arbitrator's fees and expenses shall be limited to an amount equal to the filing fee that would be required for a state trial court action and the Company shall pay all remaining fees and expenses of the arbitrator. Unless otherwise required under applicable law, the parties shall each pay their pro rata share of the neutral arbitrator's expenses and fees. Any controversy regarding the payment of fees and expenses under this arbitration provision shall be decided by the arbitrator.

The arbitrator may award any form of remedy or relief (including injunctive relief) that would otherwise be available in court. Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award. The award rendered by the arbitrator shall be conclusive and binding upon the parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. To the extent not inconsistent with applicable laws, the arbitrator will have the authority to hear and grant motions.

**OCCIDENTAL PETROLEUM CORPORATION
2005 LONG-TERM INCENTIVE PLAN
COMMON STOCK AND SIGN-ON BONUS AND OTHER AWARD
AGREEMENT**

GRANTEE:

DATE OF GRANT: **June 11, 2012**

SHARES OF COMMON STOCK:

SIGN-ON BONUS AMOUNT:

THIS AGREEMENT (this "Agreement") is made as of the Date of Grant between OCCIDENTAL PETROLEUM CORPORATION, a Delaware corporation ("Occidental" and, with its subsidiaries, the "Company"), and the Eligible Employee receiving this award (the "Grantee").

1. **GRANT OF COMMON STOCK AWARD.** In accordance with this Agreement and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the number of shares of Common Stock set forth above. The Common Stock shall be fully paid and nonassessable and shall be represented by an account registered in the name of the Grantee.

2. **COMMON STOCK OWNERSHIP REQUIREMENT.** The Grantee shall retain Beneficial Ownership of Shares equal to not less than 50% of the net after-tax Shares received under this Agreement until the third anniversary of the Date of Grant (the "Beneficial Ownership Period"). Compliance with the foregoing requirement shall be determined by reference to the reports filed by the Grantee on Forms 3, 4, and 5, as applicable, pursuant to Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and the aggregate number of Shares reported as Beneficially Owned during the Beneficial Ownership Period shall be not less than the sum of the number of Shares then required to be so owned pursuant to this Agreement and the terms and conditions of any other grant containing this or a similar requirement. If Grantee is not subject to reporting pursuant to Section 16(a) of the Exchange Act, Grantee shall verify compliance with this Section 2 by providing, as and when requested by Occidental, copies of brokerage or transfer agent statements. For purposes of this Agreement, "Beneficial Ownership" has the meaning ascribed in Rule 16a-1(2) under the Exchange Act.

3. **RETURN OF COMMON STOCK.** In the event that Grantee is terminated for Cause prior to the third anniversary of the Date of Grant, or voluntarily terminates employment prior to the Reference Date, Grantee will immediately return to Occidental within five business days of the effective date of Grantee's termination, a number of shares of Occidental stock equal to the number of shares of Common Stock granted under this Agreement, on a net after-tax basis, pro-rated based on the number of days remaining following Grantee's termination date until the end of the three-year period or the Reference Date, respectively. Grantee will not be required to return any such shares to Occidental in the event Grantee's employment ends as a result of an Involuntary Termination.

For the purposes of this Agreement:

- (a) "Cause" means (i) Grantee's willful failure to perform Grantee's employment duties, (ii) material fraud, embezzlement or theft from Occidental, (iii) material breach of any legal duty to Occidental, (iv) material breach of Occidental Policies, (v) conduct constituting

moral turpitude or conviction of a felony (or state law equivalent) or plea of guilty or nolo contendere to a felony (or state law equivalent) or (vi) gross negligence that causes harm to Occidental;

(b) "Involuntary Termination" means termination as a result of death, Disability, termination for the convenience of the Company or Constructive Termination. "Disability" means Grantee is unable, because of physical or mental incapacity, to perform Grantee's duties for an aggregate of 6 months out of any 12-month period. "Constructive Termination" means termination of employment by Grantee within 60 days of a material reduction in Grantee's authority, duties or responsibilities or Occidental's requirement that Grantee relocate Grantee's residence by more than 2000 miles, that is not reasonably remedied within 30 days of Grantee's written notice of such a reduction or requirement delivered to Occidental within 20 days of the reduction or requirement; provided that such a reduction will not constitute Constructive Termination if it results solely from a combination or sale of the Company (or sale of substantially all its assets) with or to another entity if Grantee retains at least substantially the same executive duties with respect to Occidental's business as the Grantee had on the date Grantee commenced employment with the Company; and

(c) "Reference Date" means the date that is 18 months from the date Grantee commenced employment with the Company

4. **DIVIDEND, VOTING AND OTHER RIGHTS.** The Grantee shall have all of the rights of a stockholder with respect to the shares of Common Stock, including the right to vote such shares and receive any dividends that may be paid thereon; provided, however, that any additional shares of Common Stock or other securities that the Grantee may become entitled to receive prior to the third anniversary of the Date of Grant pursuant to a stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, separation or reorganization or any other change in the capital structure of Occidental shall be included when calculating the number of shares of Common Stock subject to return pursuant to Section 3.

5. **GRANT OF SIGN-ON BONUS.** In accordance with this Agreement and the Plan, Occidental grants to the Grantee as of the Date of Grant, the Sign-on Bonus in the amount set forth above. The Sign-on Bonus will be paid in three \$_____ installments with Grantee's first regular paycheck following Grantee's employment date, Grantee's first anniversary of employment and Grantee's second anniversary of employment, subject, in each case, to Grantee's continued employment except as set forth in Section 6(a) below.

6. **TERMINATION PAYMENT.** In accordance with this Agreement and the Plan, Occidental grants to the Grantee as of the Date of Grant the following amounts in the following circumstances. In the event of:

- (I) Involuntary Termination of Grantee's employment prior to Grantee's third anniversary of employment, or
- (II) voluntary termination after the Reference Date and prior to Grantee's third anniversary of employment; provided that in connection with any such voluntary termination, and no later than the date the earliest payment below would otherwise be paid, Grantee executes an agreement restricting Grantee from, or from assisting others to, directly compete with

Occidental, acceptable to Occidental lasting the longer of twelve months or until the third anniversary of Grantee's employment date,

Grantee will receive the following payments under this Award:

- a. The Sign-on Bonus will be paid to Grantee at the sole discretion of the CEO; any such payments will be made at the same times as Grantee would otherwise have received them had Grantee continued to be employed.
- b. Cash payments equivalent to the amounts that would have been payable for Grantee's Long-Term Incentive awards (both Total Shareholder Return Incentive awards and Restricted Stock Incentive awards) granted prior to Grantee's third anniversary of employment that would otherwise be forfeited as a result of Grantee's termination under the terms of such awards, will be paid out at the same time the associated award is paid based on actual Occidental performance.
- c. A cash payment equal to any unvested balances otherwise forfeited under Occidental's retirement and savings plans will be paid as soon as administratively practicable following Grantee's termination date and no later than 60 days after Grantee's "separation from service" (under Section 409A of the U.S. Internal Revenue Code (Section 409A)), provided that, to the extent required by Section 409A, such payments will be made at the time or times such forfeited balances would otherwise have been paid under the terms of the retirement and savings plans.

Notwithstanding anything to the contrary in this paragraph 6, to the extent that any payments hereunder are subject to Section 409A, references to termination or to termination of employment shall mean "separation from service" (under Section 409A) and to the extent Grantee must be treated as a "specified employee" (under Section 409A), then any payments on account of Grantee's "separation from service" (under Section 409A), that are subject to the requirements of Section 409A, shall, if required to be made later than the time specified above as a result of the application of Section 409A, be made on the date that is six months and one day following the date of Grantee's "separation from service" (under Section 409A).

7. **No EMPLOYMENT CONTRACT.** Nothing in this Agreement confers upon the Grantee any right with respect to continued employment by the Company, nor limits in any manner the right of the Company to terminate the employment or adjust the compensation of the Grantee. Unless otherwise agreed in a writing signed by the Grantee and an authorized representative of the Company, the Grantee's employment with the Company is at will and may be terminated at any time by the Grantee or the Company.

8. **TAXES AND WITHHOLDING.** Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local tax and non-U.S. tax), social insurance, payroll tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company. The Grantee further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Common Stock

Award, including the grant of the Common Stock Award and the receipt of dividends; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Common Stock Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Grantee shall pay or make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee first from the shares issuable pursuant to this Common Stock Award and, if not sufficient, from the Grantee's wages or other cash compensation. The Grantee shall pay to the Company any amount of Tax-Related Items that the Company may be required to withhold as a result of the Grantee's receipt of this Common Stock Award that cannot be satisfied by the means previously described.

Notwithstanding the foregoing, if the Grantee is subject to Section 16(a) of the Exchange Act, Grantee may make an election pursuant to Section 83(b) of the U.S. Internal Revenue Code with respect to the shares of Common Stock granted pursuant to this Agreement. If the Grantee elects to be taxed as of the Grant Date, the Grantee authorizes the Company to withhold all applicable Tax-Related Items legally payable by the Grantee from the shares issuable pursuant to this Common Stock Award. If the Grantee elects to be taxed as of the six month anniversary of the Grant Date, the Grantee authorizes the Company to withhold such Tax-related Items from the Grantee's wages or other cash compensation unless prior to such anniversary date the Grantee makes other arrangements with the Company for payment.

9. **COMPLIANCE WITH LAW.** The Company will make reasonable efforts to comply with all federal, state and non-U.S. laws applicable to awards of this type. However, if it is not feasible for the Company to comply with these laws with respect to the grant or settlement of these awards, then the awards may be cancelled without any compensation or additional benefits provided to Grantee as a result of the cancellation.

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under this Agreement will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Common Stock Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long service awards. The grant of this Common Stock Award does not create any contractual or other right to receive future grants of Common Stock Awards or benefits in lieu of Common Stock Awards, even if Grantee has a history of receiving Common Stock Awards or other cash or stock awards.

11. **AMENDMENTS.** The Plan may be modified, amended, suspended or terminated by the Board at any time, as provided in the Plan. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent it is applicable to this Agreement; however, no amendment will adversely affect the rights of the Grantee under this Agreement without the Grantee's consent.

12. **SEVERABILITY.** If one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, the invalidated provisions shall be deemed to be separable from the other provisions of this Agreement, and the remaining provisions of this Agreement will continue to be valid and fully enforceable.

13. **ENTIRE AGREEMENT; RELATION TO PLAN; INTERPRETATION.** Except as specifically provided in this Section, this Agreement and the Attachments incorporated in this Agreement constitute the entire agreement between the Company and the Grantee with respect to this Common Stock Award. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistent provisions between this Agreement and the Plan, the provisions of the Plan control. Capitalized terms used in this Agreement without definitions have the meanings assigned to them in the Plan. References to Sections and Attachments are to Sections of, and Attachments incorporated in, this Agreement unless otherwise noted.

14. **SUCCESSORS AND ASSIGNS.** Subject to Sections 2 and 3, the provisions of this Agreement shall be for the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

15. **GOVERNING LAW.** The laws of the State of Delaware govern the interpretation, performance, and enforcement of this Agreement.

16. **PRIVACY RIGHTS.** By accepting this Common Stock Award, the Grantee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement by and among, as applicable, the Company and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that the Company holds, or may receive from any agent designated by the Company, certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of this Common Stock Award or any other entitlement to cash or shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan, including complying with applicable tax and securities laws ("Data"). Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting this Agreement, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

17. **ELECTRONIC DELIVERY AND ACCEPTANCE.** The Company may, in its sole discretion, decide to deliver any documents related to this Common Stock Award granted under the Plan or future awards that may be granted under the Plan (if any) by electronic means or to request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, to participate in the Plan

through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. **GRANTEE'S REPRESENTATIONS AND RELEASES.** By accepting this Common Stock Award, the Grantee acknowledges that the Grantee has read this Agreement and understands that (i) the grant of this Common Stock Award is made voluntarily by Occidental in its discretion with no liability on the part of any of its direct or indirect subsidiaries and that, if the Grantee is not an employee of Occidental, the Grantee is not, and will not be considered, an employee of Occidental but the Grantee is a third party (employee of a subsidiary) to whom this Common Stock Award is granted; (ii) all decisions with respect to future awards, if any, will be at the sole discretion of Occidental; (iii) the Grantee's participation in the Plan is voluntary; (iv) this Common Stock Award is an extraordinary item that does not constitute a regular and recurring item of base compensation; (v) the future value of any Shares issued pursuant to this Common Stock Award cannot be predicted and Occidental does not assume liability in the event this Common Stock Award has no value in the future; (vi) subject to the terms of any tax equalization agreement between the Grantee and the entity employing the Grantee, the Grantee will be solely responsible for the payment or nonpayment of taxes imposed or threatened to be imposed by any authority of any jurisdiction; and (vii) Occidental is not providing any tax, legal or financial advice with respect to this Common Stock Award or the Grantee's participation in the Plan.

In consideration of the grant of this Common Stock Award, no claim or entitlement to compensation or damages shall arise from termination of this Common Stock Award or diminution in value of this Common Stock Award resulting from termination of the Grantee's employment by the Company (for any reason whatsoever) and, to the extent permitted by law, the Grantee irrevocably releases the Company from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Common Stock Award, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

By accepting this Common Stock Award, the Grantee agrees, to the extent not contrary to applicable law, to the General Terms of Employment set out on Attachment 1 and the Arbitration Provisions set out on Attachment 2, which, in each case, are incorporated in this Agreement by reference.

19. **IMPOSITION OF OTHER REQUIREMENTS.** Occidental reserves the right to impose other requirements on the Grantee's participation in the Plan and on the Common Stock Award, to the extent Occidental determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **COMPLIANCE WITH SECTION 409A OF THE CODE.** This award is intended to be exempt from Section 409A of the U.S. Internal Revenue Code ("Section 409A") under Treas. Reg. § 1.409A-1(b)(6) (or any successor provision). Notwithstanding the foregoing, to the extent that the Board determines that the Plan or this award is subject to Section 409A, this Agreement shall be interpreted and administered in such a way as to comply with the applicable provisions of Section 409A to the maximum extent possible. To the extent that the Board determines that the Plan or this award is subject to Section 409A and fails to comply with the requirements of Section 409A, the Board reserves the right (without any obligation to do so) to amend or terminate the Plan and/or amend, restructure, terminate or replace this award in order to cause

this award to either not be subject to Section 409A or to comply with the applicable provisions of such section.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and Grantee has also executed this Agreement in duplicate.

OCCIDENTAL PETROLEUM CORPORATION

By: _____

The undersigned Grantee hereby accepts this Common Stock and Sign-On Bonus and Other Award, subject to the terms and conditions of the Plan and the terms and conditions set forth in this Agreement.

Date: _____

General Terms of Employment

A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its subsidiaries or other affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "Occidental Parties"), at any time during or after the Grantee's employment by any of them, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.

B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.

C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.

D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (1) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (2) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.

E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in substance that provisions in an employment agreement providing that an employee shall assign or offer to assign rights in an invention to his or her employer do not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, except for those inventions that either (a) relate, at the time of conception or reduction to practice of the invention, (1) to the business of the employer or (2) to the employer's actual or demonstrably anticipated research or development, or (b) result from any work performed by the employee for the employer.

F. The foregoing General Terms of Employment are not intended to be an exclusive list of the employment terms and conditions that apply to the Grantee. The Company, in its sole discretion, may at any time amend or supplement the foregoing terms. The Grantee's breach of the foregoing General Terms of Employment will entitle the Company to take appropriate disciplinary action, including, without limitation, reduction of the Common Stock and Sign-On Bonus and Other Awards granted pursuant to this Agreement and termination of employment.

Attachment 2

Arbitration Provisions

Any dispute arising out of or in any way related to the Grantee's employment with the Company, or the termination of that employment, will be decided exclusively by final and binding arbitration pursuant to any procedures required by applicable law. To the extent not inconsistent with applicable law, any arbitration will be submitted to American Arbitration Association ("AAA") and subject to AAA Employment Arbitration Rules and Mediation Procedures in effect at the time of filing of the demand for arbitration. Only the following claims are excluded from this Agreement: (1) claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, (2) to the extent permitted by applicable law, claims for provisional remedies to maintain the status quo pending the outcome of arbitration, (3) claims based on compensation award agreements and incentive plans and (4) claims which are not permitted by applicable law to be subject to a binding pre-dispute arbitration agreement.

Any controversy regarding whether a particular dispute is subject to arbitration under this Section shall be decided by the arbitrator.

To the extent required under applicable law, the Grantee's responsibility for payment of the neutral arbitrator's fees and expenses shall be limited to an amount equal to the filing fee that would be required for a state trial court action and the Company shall pay all remaining fees and expenses of the arbitrator. Unless otherwise required under applicable law, the parties shall each pay their pro rata share of the neutral arbitrator's expenses and fees. Any controversy regarding the payment of fees and expenses under this arbitration provision shall be decided by the arbitrator.

The arbitrator may award any form of remedy or relief (including injunctive relief) that would otherwise be available in court. Any award pursuant to said arbitration shall be accompanied by a written opinion of the arbitrator setting forth the reason for the award. The award rendered by the arbitrator shall be conclusive and binding upon the parties hereto, and judgment upon the award may be entered, and enforcement may be sought in, any court of competent jurisdiction. To the extent not inconsistent with applicable laws, the arbitrator will have the authority to hear and grant motions.



10889 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90024
TELEPHONE (310) 443-6311
FACSIMILE (310) 443-6812

STEPHEN I. CHAZEN
PRESIDENT
AND
CHIEF EXECUTIVE OFFICER

July 31, 2012

Ms. Cynthia Walker

Dear Cynthia:

The purpose of this correspondence is to amend and restate our offer and your acceptance of employment.

The terms and conditions of our employment offer are as follows:

1. Title: Your title will be Executive Vice President and Chief Financial Officer.
2. Reporting Relationship: You will report directly to the Chief Executive Officer.
3. Start Date: 12:00 P.M., August 6, 2012, or at another mutually agreeable time.
4. Initial Base Salary: \$600,000 per year subject to annual review, paid semi-monthly during your continued employment.
5. Annual Bonus: You are eligible to participate in Oxy's Executive Incentive Compensation Plan (EICP) with an initial target bonus of \$600,000 subject to annual review. In addition, during your continued employment you will be guaranteed a bonus not less than your target amount for 2012, payable by March 14, 2013.
6. Sign-On Share and Cash Bonus: Effective as of your first day of employment, you will be granted 24,000 shares of Oxy common stock with 9,000 shares vesting at grant and 15,000 shares vesting over a three-year period, with one-third of those shares vesting on each of the first three anniversary dates of your employment during your continued employment, subject to Oxy's standard employment terms. Dividends will be paid on the awarded shares as declared. In addition, with your first regular paycheck you will be paid cash in an amount equal to 6,000 shares of Oxy common stock multiplied by the closing price per share of Oxy common stock on August 6, 2012.

7. Sign-On Long-Term Restricted Stock Incentive: Effective as of your first day of employment, you will be granted a Restricted Stock Incentive Award with an initial value (based on the closing price of Oxy stock on the date of the award) of \$800,000, subject to Oxy's standard employment terms.
8. Sign-On Long-Term Total Shareholder Return Incentive: Effective as of your first day of employment, you will be granted a Total Shareholder Return Incentive Award payable in Oxy stock with a grant date midpoint value of \$1,280,000, subject to Oxy's standard employment terms.
9. Termination Payment: In the event of involuntary, not-for-cause termination of employment prior to your third anniversary, all of the foregoing will be replaced by our agreement to the following:
 - a. Semi-monthly payments equivalent to your Base Salary will continue for a period of twelve months.
 - b. An Annual Bonus will be paid in accordance with the terms of the EICP for the year of your termination by March 14 of the following year based on 100% of the target for the individual performance portion and actual Oxy performance for the remainder.
 - c. The Sign-On Share Bonus shares will fully vest.
 - d. Cash payments equivalent to the amounts that would have been payable for Sign-On Long-Term Incentive awards (both Total Shareholder Return Incentive awards and Restricted Share Incentive awards) that are forfeited as a result of your termination, will be paid out at the same time the associated award is paid based on actual Oxy performance.
 - e. A cash payment equal to any unvested balances forfeited under Oxy's retirement and savings plans will be paid as soon as administratively practicable following your termination date and no later than 60 days after your "separation from service" (under Section 409A of the U.S. Internal Revenue Code (Section 409A)), provided that, to the extent required by Section 409A, such payments will be made at the time or times such forfeited balances would otherwise have been paid under the terms of the retirement and savings plans.

Notwithstanding anything to the contrary in this paragraph 9, to the extent you must be treated as a "specified employee" (under Section 409A), then any payments on account of your "separation from service" (under Section 409A), that are subject to the requirements of Section 409A, shall, if required to be made later than the time specified above as a result of the

application of Section 409A, be made on the date that is six months and one day following the date of your "separation from service" (under Section 409A).

10. Employee Benefits: Entitled to the full array of employee benefits available to Oxy employees.
11. Vacation Entitlement: 25 days of vacation per year (prorated for the first year of employment), and four months of paid leave starting at a mutually agreed time.
12. Relocation Package: You will be eligible for Occidental's full domestic relocation package.

All offers of employment are contingent upon satisfactory results of a drug screen and background investigation. Details on these subjects will be sent to you under separate cover. Your employment with Oxy is at-will and this letter is not a guarantee of continuing employment. This letter will be governed by California law (without giving effect to its conflicts of laws principles), constitutes the final, complete and exclusive expression of the parties' intent on its subject matter and may only be amended in a writing signed by each party.

If everything is stated correctly and to your satisfaction, please sign both copies of this offer letter and return one copy to Oxy.

Sincerely,

/s/ STEPHEN I. CHAZEN

Steve Chazen

Agreed and Accepted:

/s/ CYNTHIA WALKER

Cynthia Walker

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

	Six Months Ended June 30					Year Ended December 31	
	2012	2011	2011	2010	2009	2008	2007
Income from continuing operations	\$ 2,892	\$ 3,224	\$ 6,640	\$ 4,641	\$ 3,202	\$ 7,299	\$ 5,147
Add/(Subtract):							
Net income attributable to noncontrolling interest	—	—	—	(72)	(51)	(116)	(75)
Adjusted income from equity investments ^(a)	85	(25)	(33)	(60)	(88)	(84)	(28)
	<u>2,977</u>	<u>3,199</u>	<u>6,607</u>	<u>4,509</u>	<u>3,063</u>	<u>7,099</u>	<u>5,044</u>
Add:							
Provision for taxes on income (other than foreign oil and gas taxes)	885	979	1,795	1,099	695	2,213	1,577
Interest and debt expense ^(b)	58	79	135	116	140	133	344
Portion of lease rentals representative of the interest factor	29	27	60	57	57	58	60
	<u>972</u>	<u>1,085</u>	<u>1,990</u>	<u>1,272</u>	<u>892</u>	<u>2,404</u>	<u>1,981</u>
Earnings before fixed charges	<u>\$ 3,949</u>	<u>\$ 4,284</u>	<u>\$ 8,597</u>	<u>\$ 5,781</u>	<u>\$ 3,955</u>	<u>\$ 9,503</u>	<u>\$ 7,025</u>
Fixed charges:							
Interest and debt expense including capitalized interest ^(b)	\$ 117	\$ 114	\$ 221	\$ 203	\$ 218	\$ 201	\$ 403
Portion of lease rentals representative of the interest factor	29	27	60	57	57	58	60
Total fixed charges	<u>\$ 146</u>	<u>\$ 141</u>	<u>\$ 281</u>	<u>\$ 260</u>	<u>\$ 275</u>	<u>\$ 259</u>	<u>\$ 463</u>
Ratio of earnings to fixed charges	<u>27.05</u>	<u>30.38</u>	<u>30.59</u>	<u>22.23</u>	<u>14.38</u>	<u>36.69</u>	<u>15.17</u>

Note: Argentine operations have been reflected as discontinued operations for all periods.

(a) Represents adjustments to arrive at distributed income from equity investees.

(b) The six months ended June 30, 2011 and the year ended December 31, 2011 amounts exclude a pre-tax charge of \$163 million for the early redemption of debt.

RULE 13a – 14(a) / 15d – 14(a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen I. Chazen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2012

/s/ Stephen I. Chazen

Stephen I. Chazen
President and Chief Executive Officer

RULE 13a – 14(a) / 15d – 14(a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002

I, James M. Lienert, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Occidental Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2012

/s/ James M. Lienert
James M. Lienert
Executive Vice President and Chief Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Occidental Petroleum Corporation (the "Company") for the fiscal period ended June 30, 2012, as filed with the Securities and Exchange Commission on August 6, 2012 (the "Report"), Stephen I. Chazen, as Chief Executive Officer of the Company, and James M. Lienert, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen I. Chazen

Name: Stephen I. Chazen
Title: President and Chief Executive Officer
Date: August 6, 2012

/s/ James M. Lienert

Name: James M. Lienert
Title: Executive Vice President and Chief Financial Officer
Date: August 6, 2012

A signed original of this written statement required by Section 906 has been provided to Occidental Petroleum Corporation and will be retained by Occidental Petroleum Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.