

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2016
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.)

5 Greenway Plaza, Suite 110
Houston, Texas
(Address of principal executive offices)

77046
(Zip Code)

(713) 215-7000
(Registrant's telephone number, including area code)

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

Yes 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).

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 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 No

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

Class	Outstanding at September 30, 2016
Common stock \$.20 par value	764,188,495

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
 CONSOLIDATED CONDENSED BALANCE SHEETS
 SEPTEMBER 30, 2016 AND DECEMBER 31, 2015
 (Amounts in millions)

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,180	\$ 3,201
Restricted cash	—	1,193
Trade receivables, net	3,521	2,970
Inventories	927	986
Assets held for sale	—	141
Other current assets	1,083	911
Total current assets	8,711	9,402
INVESTMENTS		
Investment in unconsolidated entities	1,420	1,267
Available for sale investment	—	167
Total investments	1,420	1,434
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation, depletion and amortization of \$42,076 at September 30, 2016 and \$39,419 at December 31, 2015	30,419	31,639
LONG-TERM RECEIVABLES AND OTHER ASSETS, NET	1,080	934
TOTAL ASSETS	\$ 41,630	\$ 43,409

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
SEPTEMBER 30, 2016 AND DECEMBER 31, 2015
(Amounts in millions except share amounts)

	2016	2015
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ —	\$ 1,450
Accounts payable	3,392	3,069
Accrued liabilities	2,296	2,213
Liabilities of assets held for sale	—	110
Total current liabilities	5,688	6,842
LONG-TERM DEBT, NET	8,333	6,855
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred domestic and foreign income taxes	1,411	1,323
Other	3,902	4,039
	5,313	5,362
STOCKHOLDERS' EQUITY		
Common stock, at par value (892,165,801 shares at September 30, 2016 and 891,360,091 shares at December 31, 2015)	178	178
Treasury stock (127,977,306 shares at September 30, 2016 and 127,681,335 shares at December 31, 2015)	(9,143)	(9,121)
Additional paid-in capital	7,719	7,640
Retained earnings	23,836	25,960
Accumulated other comprehensive loss	(294)	(307)
Total stockholders' equity	22,296	24,350
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 41,630	\$ 43,409

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(Amounts in millions, except per-share amounts)

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
REVENUES AND OTHER INCOME				
Net sales	\$ 2,648	\$ 3,116	\$ 7,302	\$ 9,674
Interest, dividends and other income	25	31	72	88
Gain on disposal of assets, net	60	99	198	94
	<u>2,733</u>	<u>3,246</u>	<u>7,572</u>	<u>9,856</u>
COSTS AND OTHER DEDUCTIONS				
Cost of sales	1,338	1,413	3,863	4,450
Selling, general and administrative and other operating expenses	316	292	926	950
Taxes other than on income	61	79	210	293
Depreciation, depletion and amortization	1,046	1,123	3,218	3,268
Asset impairments and related items	221	3,397	299	3,721
Exploration expense	9	5	45	23
Interest and debt expense, net	68	48	216	86
	<u>3,059</u>	<u>6,357</u>	<u>8,777</u>	<u>12,791</u>
Loss before income taxes and other items	(326)	(3,111)	(1,205)	(2,935)
Benefit from domestic and foreign income taxes	30	445	329	140
Income from equity investments	58	60	142	154
Loss from continuing operations	(238)	(2,606)	(734)	(2,641)
Discontinued operations, net	(3)	(3)	432	(10)
NET LOSS	<u>\$ (241)</u>	<u>\$ (2,609)</u>	<u>\$ (302)</u>	<u>\$ (2,651)</u>
BASIC EARNINGS PER COMMON SHARE				
Loss from continuing operations	\$ (0.31)	\$ (3.41)	\$ (0.96)	\$ (3.45)
Discontinued operations, net	(0.01)	(0.01)	0.56	(0.01)
BASIC EARNINGS PER COMMON SHARE	<u>\$ (0.32)</u>	<u>\$ (3.42)</u>	<u>\$ (0.40)</u>	<u>\$ (3.46)</u>
DILUTED EARNINGS PER COMMON SHARE				
Loss from continuing operations	\$ (0.31)	\$ (3.41)	\$ (0.96)	\$ (3.45)
Discontinued operations, net	(0.01)	(0.01)	0.56	(0.01)
DILUTED EARNINGS PER COMMON SHARE	<u>\$ (0.32)</u>	<u>\$ (3.42)</u>	<u>\$ (0.40)</u>	<u>\$ (3.46)</u>
DIVIDENDS PER COMMON SHARE	<u>\$ 0.76</u>	<u>\$ 0.75</u>	<u>\$ 2.26</u>	<u>\$ 2.22</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 NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(Amounts in millions)

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Net loss	\$ (241)	\$ (2,609)	\$ (302)	\$ (2,651)
Other comprehensive income (loss) items:				
Foreign currency translation gains (losses)	—	(1)	1	(2)
Unrealized losses on available for sale investment	—	(246)	—	(208)
Unrealized gains (losses) on derivatives ^(a)	1	2	(12)	2
Pension and postretirement gains ^(b)	4	1	16	5
Reclassification to income of realized losses on derivatives ^(c)	—	1	8	1
Other comprehensive income (loss), net of tax	5	(243)	13	(202)
Comprehensive loss	\$ (236)	\$ (2,852)	\$ (289)	\$ (2,853)

- (a) Net of tax of \$(1) and \$(1) for the three months ended September 30, 2016 and 2015, respectively, and \$6 and \$(1) for the nine months ended September 30, 2016 and 2015, respectively.
- (b) Net of tax of \$(2) and \$(1) for the three months ended September 30, 2016 and 2015, respectively, and \$(9) and \$(3) for the nine months ended September 30, 2016 and 2015, respectively.
- (c) Net of tax of zero for the three months ended September 30, 2016 and 2015, respectively, and \$(4) and zero for the nine months ended September 30, 2016 and 2015, respectively.

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(Amounts in millions)

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss	\$ (302)	\$ (2,651)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Discontinued operations, net	(432)	10
Depreciation, depletion and amortization of assets	3,218	3,268
Deferred income tax benefit	(162)	(417)
Other noncash charges to income	79	359
Asset impairments and related items	139	3,364
Gain on sale of assets, net	(198)	(94)
Undistributed earnings from affiliates	(4)	(3)
Dry hole expenses	33	4
Changes in operating assets and liabilities, net	(460)	(938)
Other operating, net	(313)	(499)
Operating cash flow from continuing operations	1,598	2,403
Operating cash flow from discontinued operations	870	(17)
Net cash provided by operating activities	2,468	2,386
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(1,845)	(4,192)
Change in capital accrual	(207)	(652)
Purchase of businesses and assets, net	(82)	(52)
Proceeds from sale of assets and equity investments, net	323	151
Equity investments and other, net	(165)	(373)
Net cash used by investing activities	(1,976)	(5,118)
CASH FLOW FROM FINANCING ACTIVITIES		
Change in restricted cash	1,193	2,254
Proceeds from long-term debt, net	2,718	1,478
Payment of long-term debt, net	(2,710)	—
Proceeds from issuance of common stock	32	34
Purchases of treasury stock	(22)	(586)
Cash dividends paid	(1,724)	(1,690)
Net cash (used) provided by financing activities	(513)	1,490
Decrease in cash and cash equivalents	(21)	(1,242)
Cash and cash equivalents — beginning of period	3,201	3,789
Cash and cash equivalents — end of period	\$ 3,180	\$ 2,547

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 (GAAP) 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. These unaudited consolidated condensed financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in Occidental's Annual Report on Form 10-K for the year ended December 31, 2015.

In the opinion of Occidental's management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to fairly present Occidental's consolidated financial position as of September 30, 2016, and the consolidated statements of operations, comprehensive income and cash flows for the three and nine months ended September 30, 2016 and 2015, as applicable. The income and cash flows for the periods ended September 30, 2016 and 2015 are not necessarily indicative of the income or cash flows to be expected for the full year.

2. Asset Acquisitions, Dispositions and Other

In September 2016, Occidental completed the sale of its South Texas Eagle Ford non-operated properties for \$63 million resulting in a pre-tax gain of \$59 million.

In September 2016, Occidental sought government approvals to sell its operations in Libya. Occidental recorded a pre-tax impairment charge of \$112 million to write down the value of its Libya operations.

In August 2016, Occidental terminated crude oil supply agreements at a cost of \$160 million.

In the second quarter of 2016, Occidental received \$330 million as final payment from the settlement with the Republic of Ecuador. In January 2016, Occidental reached an understanding on the terms of payment for the approximate \$1.0 billion payable to Occidental by the Republic of Ecuador under a November 2015 International Center for Settlement of Investment Disputes arbitration award. This award relates to Ecuador's 2006 expropriation of Occidental's Participation Contract for Block 15. Occidental recorded a pre-tax gain of \$681 million in the first quarter of 2016. The results related to Ecuador were presented as discontinued operations.

In May and June 2016, respectively, Occidental utilized part of the proceeds from the April 2016 senior note offering (described below) to exercise the early redemption option on \$1.25 billion of 1.75-percent senior notes due in the first quarter of 2017 and to retire all \$750 million of 4.125-percent senior notes that matured in June 2016.

In April 2016, Occidental issued \$2.75 billion of senior notes, comprised of \$0.4 billion of 2.6-percent senior notes due 2022, \$1.15 billion of 3.4-percent senior notes due 2026 and \$1.2 billion of 4.4-percent senior notes due 2046. Occidental received net proceeds of approximately \$2.72 billion. Interest on the senior notes is payable semi-annually in arrears in April and October of each year for each series of senior notes, beginning on October 15, 2016. Occidental used a portion of the proceeds to retire debt in May and June 2016, and will use the remaining proceeds for general corporate purposes.

In March 2016, Occidental distributed its remaining shares of California Resources Corporation (California Resources) through a special stock dividend to stockholders of record as of February 29, 2016. Upon distribution, Occidental recorded a \$78 million loss to reduce the investment to its fair market value, and Occidental no longer owns any shares of California Resources common stock.

In March 2016, Occidental completed the sale of its Piceance Basin operations in Colorado for \$153 million resulting in a pre-tax gain of \$121 million. The assets and liabilities related to these operations were presented as held for

sale at December 31, 2015, and primarily included property, plant and equipment and current accrued liabilities and asset retirement obligations.

In February 2016, Occidental repaid \$700 million of 2.5-percent senior notes that matured.

In January 2016, Occidental completed the sale of its Occidental Tower building in Dallas, Texas, for net proceeds of approximately \$85 million, resulting in a pre-tax gain of \$57 million. The building was classified as held for sale as of December 31, 2015.

3. Accounting and Disclosure Changes

In October 2016, the Financial Accounting Standards Board ("FASB") issued new guidance related to the income tax consequences of intra-entity transfers of assets other than inventory. The rules become effective for the interim and annual periods beginning after December 15, 2017. Occidental is currently evaluating the impact of these rules on its financial statements.

In August 2016, the FASB issued new guidance related to the classification of certain cash receipts and payments on the statement of cash flows. The rules become effective for the interim and annual periods beginning after December 15, 2017. Occidental is currently evaluating the impact of these rules on its financial statements.

In March, April, and May of 2016, the FASB issued updates clarifying several aspects of the new revenue recognition standard, previously issued in May 2014. Occidental is currently evaluating the impact of these rules on its financial statements.

In March 2016, the FASB issued rules affecting entities that issue share-based payment awards to their employees. These rules are designed to simplify several aspects of accounting for share-based payment award transactions, including: (1) accounting and cash flow classification for excess tax benefits and deficiencies, (2) forfeitures, and (3) tax withholding requirements and cash flow classification. The rules were adopted for the second quarter of 2016 and did not have a material impact on Occidental's financial statements upon adoption.

In March 2016, the FASB issued an update to eliminate the requirement to retrospectively adopt the equity method of accounting if an investment qualifies for use of the equity method as a result of an increase in the level of ownership or degree of influence. The update requires that the equity method investor add the cost of acquiring the additional interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. The rules become effective for the interim and annual periods beginning after December 15, 2016. The rules do not have a material impact on Occidental's financial statements upon adoption.

In March 2016, the FASB issued rules clarifying that a change in one of the parties to a derivative contract that is part of a hedge accounting relationship does not, by itself, require dedesignation of that relationship, as long as all other hedge accounting criteria continue to be met. The rules become effective for the interim and annual periods beginning after December 15, 2016. Occidental is currently evaluating the impact of these rules on its financial statements.

In February 2016, the FASB issued rules in which lessees will recognize most leases, including operating leases, on-balance sheet. These new rules will significantly increase reported assets and liabilities. The rules become effective for interim and annual periods beginning after December 15, 2018. Occidental is currently evaluating the impact of these rules on its financial statements.

In April 2015, the FASB issued rules simplifying the presentation of debt issuance costs. The new rules require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Occidental adopted these rules retrospectively as of January 1, 2016. The rules do not have a material impact on Occidental's financial statements.

4. Supplemental Cash Flow Information

Occidental paid foreign, state and federal income taxes of \$442 million and \$848 million during the nine months ended September 30, 2016 and 2015, respectively. During the first nine months of 2016, Occidental received federal income tax refunds of \$302 million as a result of the carryback of net operating losses generated in 2015. Interest paid totaled \$224 million and \$198 million during the nine months ended September 30, 2016 and 2015, 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 September 30, 2016, and December 31, 2015, consisted of the following (in millions):

	2016	2015
Raw materials	\$ 77	\$ 73
Materials and supplies	503	568
Finished goods	397	395
	<u>977</u>	<u>1,036</u>
Revaluation to LIFO	(50)	(50)
Total	<u>\$ 927</u>	<u>\$ 986</u>

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.

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 of hazardous substances; or operation and maintenance of remedial systems. These 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 September 30, 2016, Occidental participated in or monitored remedial activities or proceedings at 150 sites. The following table presents Occidental's environmental remediation reserves as of September 30, 2016, the current portion of which is included in accrued liabilities (\$78 million) and the remainder in deferred credits and other liabilities — other (\$342 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	35	\$ 68
Third-party sites	69	126
Occidental-operated sites	17	100
Closed or non-operated Occidental sites	29	126
Total	<u>150</u>	<u>\$ 420</u>

As of September 30, 2016, Occidental's environmental reserves exceeded \$10 million each at 13 of the 150 sites described above, and 97 of the sites each had reserves of \$1 million or less. Based on current estimates, Occidental expects to expend funds corresponding to approximately half of the current environmental reserves at the sites described above over the next three to four years and the balance at these sites over the subsequent 10 or more years.

Due to uncertainties surrounding the Maxus indemnified sites described further under Note 7, *Lawsuits, Claims, Commitments and Contingencies*, Occidental is currently unable to estimate an amount of reasonably possible losses associated with certain sites. For all other sites, Occidental believes its estimable range of reasonably possible additional losses beyond those liabilities recorded for environmental remediation at these sites could be up to \$415 million. For additional information regarding environmental matters, refer to Note 7.

7. Lawsuits, Claims, Commitments and Contingencies

Occidental 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. Occidental or certain of its subsidiaries also are 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. Usually Occidental or such subsidiaries are among many companies in these environmental proceedings and have to date been successful in sharing response costs with other financially sound companies. Further, some lawsuits, claims and legal proceedings involve acquired or disposed assets with respect to which a third party or Occidental retains liability or indemnifies the other party for conditions that existed prior to the transaction.

In accordance with applicable accounting guidance, Occidental accrues reserves for outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. In Note 6, Occidental has disclosed its reserve balances for environmental remediation matters that satisfy this criteria. Reserve balances for matters, other than environmental remediation, that satisfy this criteria as of September 30, 2016 and December 31, 2015 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 outstanding lawsuits, claims and proceedings and discloses its estimable range of reasonably possible additional losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible losses for non-environmental matters 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. Occidental reassesses the probability and estimability of contingent losses as new information becomes available.

Environmental Litigation

When Occidental acquired Diamond Shamrock Chemicals Company (DSCC) in 1986, Maxus Energy Corporation (Maxus), currently a subsidiary of YPF S.A. (YPF), agreed to indemnify Occidental for a number of environmental sites, including the Diamond Alkali Superfund Site along a portion of the Passaic River. On June 17, 2016, Maxus and several affiliated companies filed for Chapter 11 bankruptcy in Federal District Court in the State of Delaware. Prior to filing for bankruptcy, Maxus defended and indemnified Occidental in connection with clean-up and other costs associated with the sites subject to the indemnity, including the Diamond Alkali Superfund Site. Occidental has been pursuing Maxus and its parent company, YPF, as the alter ego of Maxus, to recover all indemnified costs, which will include costs to be incurred at the Diamond Alkali Superfund Site.

In March 2016, the EPA issued a Record of Decision (ROD) for the Diamond Alkali Superfund Site specifying remedial actions required for the lower 8.3 miles of the Lower Passaic River. The ROD does not address any potential remedial action for the upper nine miles of the Lower Passaic River or Newark Bay.

During the third quarter of 2016, and following Maxus's bankruptcy filing, Occidental and the EPA entered into an Administrative Order on Consent (AOC) to complete the design of the proposed clean-up plan outlined in the ROD at an estimated cost of \$165 million. The EPA announced that it will pursue similar agreements with other potentially responsible parties. Occidental has accrued a reserve relating to its estimated allocable share of the costs to complete the design of the proposed clean-up plan pursuant to the AOC. Occidental's allocable share of this liability may ultimately be higher or lower than the reserved amount, and is subject to Occidental's pursuit of its indemnity rights against Maxus. Occidental continues to evaluate the costs to be incurred to comply with the AOC in light of the Maxus bankruptcy and the share of ultimate liability of other potentially responsible parties.

Reserves have not been accrued for Occidental's potential obligations for the remediation costs for the cleanup of the Lower Passaic River (other than its estimated allocable share of the design costs under the AOC) and for other Maxus-indemnified sites as the amounts cannot be reasonably estimated at this time for several reasons including, but not limited to, the existence of other potentially responsible parties, the presence of contaminants of concern that are not associated with DSCC or Occidental's operations, the inherent uncertainties in estimating clean-up costs and the corrective actions that may be required. Occidental continues to evaluate the costs involved for Maxus-indemnified sites, including the costs involved in the cleanup of the Lower Passaic River as the design phase and other activities proceed.

Tax Matters

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. Although taxable years through 2009 for United States federal income tax purposes have been audited by the United States Internal Revenue Service (IRS) pursuant to its Compliance Assurance Program, subsequent taxable years are currently under review. Additionally, in December 2012, Occidental filed United States federal refund claims for tax years 2008 and 2009 that are subject to IRS review. Taxable years from 2002 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.

Indemnities to Third Parties

Occidental, its subsidiaries, or both, have indemnified various parties against specified liabilities 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 September 30, 2016, 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 and Post-retirement Benefit Plans

The following tables set forth the components of the net periodic benefit costs for Occidental's defined benefit pension and post-retirement benefit plans for the three and nine months ended September 30, 2016 and 2015 (in millions):

Three months ended September 30	2016		2015	
	Pension Benefit	Post-retirement Benefit	Pension Benefit	Post-retirement Benefit
Net Periodic Benefit Costs				
Service cost	\$ 2	\$ 4	\$ 2	\$ 7
Interest cost	4	9	5	10
Expected return on plan assets	(6)	—	(7)	—
Recognized actuarial loss	3	3	3	6
Total	\$ 3	\$ 16	\$ 3	\$ 23

Nine months ended September 30	2016		2015	
	Pension Benefit	Post-retirement Benefit	Pension Benefit	Post-retirement Benefit
Net Periodic Benefit Costs				
Service cost	\$ 6	\$ 14	\$ 6	\$ 21
Interest cost	12	29	15	30
Expected return on plan assets	(18)	—	(21)	—
Recognized actuarial loss	9	14	7	20
Settlement loss	2	—	—	—
Total	\$ 11	\$ 57	\$ 7	\$ 71

Occidental contributed approximately zero and \$2 million in the three months ended September 30, 2016 and 2015, respectively, and approximately \$2 million and \$7 million in the nine months ended September 30, 2016 and 2015, respectively, to its defined benefit plans.

9. Fair Value Measurements

Occidental has categorized its assets and liabilities that are measured at fair value in a three-level fair value hierarchy, based on the inputs to the valuation techniques: Level 1 — using quoted prices in active markets for the assets or liabilities; Level 2 — using observable inputs other than quoted prices for the 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 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:

- Ø Occidental values exchange-cleared commodity derivatives using closing prices provided by the exchange as of the balance sheet date. Occidental values its available for sale investment based on the common stock closing share price as of the balance sheet date. These derivatives and investments are classified as Level 1.
- Ø Over-the-Counter (OTC) bilateral financial commodity contracts, foreign exchange contracts, options and physical commodity forward purchase and sale contracts are generally classified as Level 2 and 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, and can be derived from observable data or are supported by observable prices at which transactions are executed in the marketplace.
- Ø Occidental values commodity derivatives based on a market approach that considers various assumptions, including quoted forward commodity prices and market yield curves. The assumptions used include inputs that are generally unobservable in the marketplace or are observable but have been adjusted based upon various assumptions, and the fair value is designated as Level 3 within the valuation hierarchy.

Occidental generally uses an income approach to measure fair value when observable inputs are unavailable. This approach utilizes management's judgments regarding expectations of projected cash flows, and discounts those cash flows using a risk adjusted discount rate.

The following tables provide fair value measurement information for such assets and liabilities that are measured on a recurring basis as of September 30, 2016 and December 31, 2015 (in millions):

Fair Value Measurements at September 30, 2016:

Description	Level 1	Level 2	Level 3	Netting and Collateral	Total Fair Value
Assets:					
Commodity derivatives	\$ 129	\$ 55	\$ —	\$ (149)	\$ 35
Liabilities:					
Commodity derivatives	\$ 150	\$ 310	\$ —	\$ (171)	\$ 289

Fair Value Measurements at December 31, 2015:

Description	Level 1	Level 2	Level 3	Netting and Collateral	Total Fair Value
Assets:					
Commodity derivatives	\$ 557	\$ 87	\$ —	\$ (535)	\$ 109
Available for sale investment	\$ 167	\$ —	\$ —	\$ —	\$ 167
Liabilities:					
Commodity derivatives	\$ 544	\$ 404	\$ —	\$ (525)	\$ 423

Fair Values — Nonrecurring

During the three and nine months ended September 30, 2016, Occidental did not have any assets or liabilities measured at fair value on a nonrecurring basis. The following table provides fair value measurement for such proved domestic and international oil and gas properties that are measured on a nonrecurring basis as of December 31, 2015. The impairment tests, including the fair value estimation, incorporated a number of assumptions involving expectations of future cash flows. These assumptions included estimates of future product prices, which Occidental based on forward price curves as of balance sheet date and, where applicable, contractual prices, estimates of oil and gas reserves, estimates of future expected operating and development costs, and a risk adjusted discount rate of 8 to 20 percent. These properties were impacted by persistently low worldwide oil and natural gas prices and changing development plans. Occidental used the income approach to measure the fair value of these properties, using inputs categorized as Level 3 in the fair value hierarchy.

(in millions)	Fair Value Measurements at December 31, 2015 Using			Net Book Value ^(a)	Total Pre-tax (Non-cash) Impairment Loss
	Level 1	Level 2	Level 3		
Assets:					
Impaired proved oil and gas assets - international	\$ —	\$ —	\$ 2,666	\$ 7,359	\$ 4,693
Impaired proved oil and gas assets - domestic	\$ —	\$ —	\$ 625	\$ 1,655	\$ 1,030
Impaired Midstream assets	\$ —	\$ —	\$ 50	\$ 891	\$ 841
Impaired Chemical property, plant, and equipment	\$ —	\$ —	\$ 3	\$ 124	\$ 121

(a) Amount represents net book value at date of assessment.

Other Financial Instruments

The carrying amounts of cash and cash equivalents and other on-balance-sheet financial instruments, other than long-term fixed-rate debt, approximate fair value. The cost, if any, to terminate Occidental's 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 instruments' maturities. The estimated fair value of Occidental's debt as of September 30, 2016 and December 31, 2015 was \$9.1 billion and \$8.4 billion, respectively, and its carrying value net of unamortized discount as of September 30, 2016 and December 31, 2015, was \$8.3 billion. The majority of Occidental's debt is classified as Level 1, with \$68 million classified as Level 2.

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 cash-flow hedge treatment and management elects and documents such treatment. Otherwise, any fair value gains or losses are recognized in earnings in the current period.

Occidental uses a variety of derivative instruments, including cash-flow hedges and derivative instruments not designated as hedging instruments, to obtain average prices for the relevant production month and to improve realized prices for oil and gas. Occidental only occasionally hedges its oil and gas production, and, when it does, the volumes are usually insignificant.

Cash-Flow Hedges

Occidental's marketing and trading operations, from time to time, 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 2017. As of September 30, 2016, Occidental had approximately 7 billion cubic feet of natural gas held in storage, and had cash-flow hedges for the forecast sale, to be settled by physical delivery, of approximately 7 billion cubic feet of stored natural gas. As of December 31, 2015, Occidental had approximately 13 billion cubic feet of natural gas held in storage, and had cash-flow hedges for the forecast sale, to be settled by physical delivery, of approximately 14 billion cubic feet of stored natural gas. The following table summarizes Occidental's other comprehensive income related to derivatives for the three and nine months ended September 30, 2016.

	After-tax			
	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Unrealized losses (gains) on derivatives	\$ 1	\$ 2	\$ (13)	\$ 2
Reclassification to income of realized loss on derivatives	\$ —	\$ —	\$ 7	\$ —

Derivatives Not Designated as Hedging Instruments

The following table summarizes Occidental's net volumes of outstanding commodity derivatives contracts not designated as hedging instruments, including both financial and physical derivative contracts as of September 30, 2016 and December 31, 2015:

Commodity	Net Outstanding Position	
	Long / (Short)	
	2016	2015
Oil (million barrels)	44	83
Natural gas (billion cubic feet)	(49)	(5)
Carbon dioxide (billion cubic feet)	555	603

Occidental fulfills short positions through its own production or by third-party purchase contracts. Subsequent to September 30, 2016, Occidental entered into purchase contracts for a substantial portion of the short positions outstanding at quarter end and has sufficient production capacity and the ability to enter into additional purchase contracts to satisfy the remaining positions.

Approximately \$9 million of net gains and \$119 million of net losses from derivatives not designated as hedging instruments were recognized in net sales for the three months ended September 30, 2016 and 2015, respectively. Approximately \$35 million of net gains and \$163 million of net losses from derivatives not designated as hedging instruments were recognized in net sales for the nine months ended September 30, 2016 and 2015, respectively.

Fair Value of Derivatives

The following table presents the gross and net fair values of Occidental's outstanding derivatives as of September 30, 2016 and December 31, 2015 (in millions):

September 30, 2016	Asset Derivatives Balance Sheet Location	Fair Value	Liability Derivatives Balance Sheet Location	Fair Value
Cash-flow hedges(a)				
Commodity contracts	Other current assets	\$ —	Accrued liabilities	\$ 3
Derivatives not designated as hedging instruments (a)				
Commodity contracts	Other current assets	171	Accrued liabilities	242
	Long-term receivables and other assets, net	13	Deferred credits and other liabilities	215
		184		457
Total gross fair value		184		460
Less: counterparty netting and cash collateral (b,c)		(149)		(171)
Total net fair value of derivatives		\$ 35		\$ 289

December 31, 2015	Asset Derivatives Balance Sheet Location	Fair Value	Liability Derivatives Balance Sheet Location	Fair Value
Cash-flow hedges(a)				
Commodity contracts	Other current assets	\$ 9	Accrued liabilities	\$ 1
Derivatives not designated as hedging instruments (a)				
Commodity contracts	Other current assets	626	Accrued liabilities	672
	Long-term receivables and other assets, net	9	Deferred credits and other liabilities	275
		635		947
Total gross fair value		644		948
Less: counterparty netting and cash collateral (c,d)		(535)		(525)
Total net fair value of derivatives		\$ 109		\$ 423

(a) Fair values are presented at gross amounts, including when the derivatives are subject to master netting arrangements and presented on a net basis in the consolidated balance sheets.

(b) As of September 30, 2016, collateral received of zero has been netted against the derivative assets, and collateral paid of \$22 million has been netted against derivative liabilities.

(c) Select clearinghouses and brokers require Occidental to post an initial margin deposit. Collateral, mainly for initial margin, of \$32 million and \$3 million deposited by Occidental has not been reflected in these derivative fair value tables as of September 30, 2016 and December 31, 2015, respectively. This collateral is included in other current assets in the consolidated balance sheets as of September 30, 2016 and December 31, 2015, respectively.

(d) As of December 31, 2015, collateral received of \$14 million has been netted against derivative assets, and collateral paid of \$4 million has been netted against derivative liabilities.

See Note 9, *Fair Value Measurements*, for fair value measurement disclosures on derivatives.

Credit Risk

The majority of Occidental's counterparty credit risk is related to the physical delivery of energy commodities to its customers and their inability to meet their settlement commitments. Occidental manages this credit risk by selecting counterparties that it believes to be financially strong, by entering into master netting arrangements with counterparties and by requiring collateral, as appropriate. Occidental actively reviews the creditworthiness of its counterparties and monitors credit exposures against assigned credit limits by adjusting credit limits to reflect counterparty risk, if necessary. Occidental also enters into future contracts through regulated exchanges with select clearinghouses and brokers, which are subject to minimal credit risk as a significant portion of these transactions settle on a daily margin basis.

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. 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 September 30, 2016 and December 31, 2015.

11. Industry Segments

Occidental conducts its operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream and marketing. The oil and gas segment explores for, develops and produces oil and condensate, natural gas liquids (NGLs) and natural gas. The chemical segment mainly manufactures and markets basic chemicals and vinyls. The midstream and marketing segment gathers, processes, transports, stores, purchases and markets oil, condensate, NGLs, natural gas, CO₂ and power. It also trades around its assets, including transportation and storage capacity. Additionally, the midstream and marketing segment invests in entities that conduct similar activities.

Results 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 and geographic area assets and income from the segments' equity investments. Intersegment sales eliminate upon consolidation and are generally made at prices approximating those that the selling entity would be able to obtain in third-party transactions.

The following tables present Occidental's industry segments (in millions):

	Oil and Gas	Chemical	Midstream and Marketing	Corporate and Eliminations	Total
Three months ended September 30, 2016					
Net sales	\$ 1,660	\$ 988	\$ 202	\$ (202)	\$ 2,648
Pre-tax operating profit (loss)	\$ (51) ^(a)	\$ 117	\$ (180)	\$ (154) ^(b)	\$ (268)
Income taxes	—	—	—	30 ^(c)	30
Discontinued operations, net	—	—	—	(3)	(3)
Net income (loss)	\$ (51)	\$ 117	\$ (180)	\$ (127)	\$ (241)

Three months ended September 30, 2015					
Net sales	\$ 2,054	\$ 1,008	\$ 231	\$ (177)	\$ 3,116
Pre-tax operating profit (loss)	\$ (3,128) ^(d)	\$ 272 ^(e)	\$ 24	\$ (219) ^(b)	\$ (3,051)
Income taxes	—	—	—	445 ^(c)	445
Discontinued operations, net	—	—	—	(3)	(3)
Net income (loss)	\$ (3,128)	\$ 272	\$ 24	\$ 223	\$ (2,609)

	Oil and Gas	Chemical	Midstream and Marketing	Corporate and Eliminations	Total
Nine months ended September 30, 2016					
Net sales	\$ 4,560	\$ 2,786	\$ 476	\$ (520)	\$ 7,302
Pre-tax operating profit (loss)	\$ (653) ^(a)	\$ 419 ^(e)	\$ (333)	\$ (496) ^(b)	\$ (1,063)
Income taxes	—	—	—	329 ^(c)	329
Discontinued operations, net	—	—	—	432	432
Net income (loss)	\$ (653)	\$ 419	\$ (333)	\$ 265	\$ (302)

Nine months ended September 30, 2015					
Net sales	\$ 6,405	\$ 3,038	\$ 722	\$ (491)	\$ 9,674
Pre-tax operating profit (loss)	\$ (3,039) ^(d)	\$ 547 ^(e)	\$ 96	\$ (385) ^(b)	\$ (2,781)
Income taxes	—	—	—	140 ^(c)	140
Discontinued operations, net	—	—	—	(10)	(10)
Net income (loss)	\$ (3,039)	\$ 547	\$ 96	\$ (255)	\$ (2,651)

(a) The three and nine months ended September 30, 2016 include pre-tax impairment charges of \$112 million related to Occidental's Libya operations and \$160 million related to terminated crude oil supply contracts partially offset by pre-tax gains of \$59 million on the sale of South Texas Eagle Ford non-operated properties. The nine months ended September 30, 2016 also reflected a \$121 million pre-tax gain on the sale of Occidental's Piceance Basin operations in Colorado.

(b) Includes unallocated net interest expense, administration expense, environmental remediation and other pre-tax items.

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

(d) The three months ended September 30, 2015 includes pre-tax impairment charges of \$3.1 billion. In September 2015, Occidental entered into a sales agreement to sell its Williston operations in North Dakota, and as such an impairment charge of \$756 million was recorded to write down the net book value of the assets and liabilities held for sale to the sales price. Due to the significant decline in oil and gas futures prices, Occidental also recorded impairment charges on proved and unproved properties related to Occidental's domestic gas operations of \$924 million, Iraq operations of \$760 million and Libya operations of \$676 million. The nine months ended September 30, 2015 also reflected first quarter impairment charges of \$195 million for Occidental's South Texas Eagle Ford non-operated properties and \$41 million to write-off the remaining investment in Yemen due to the collapse of the country's government.

(e) The nine months ended September 30, 2016 and 2015 include gains on sale of the Occidental Tower and Indspec for \$88 million and an idled chemical site for \$98 million, respectively.

12. Earnings Per Share

Occidental's instruments containing rights to nonforfeitable dividends granted in stock-based awards are considered participating securities prior to vesting and, therefore, net income allocated to these participating securities has been deducted from earnings in computing basic and diluted EPS under the two-class method.

Basic EPS was computed by dividing net income attributable to common stock, net of income allocated to 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 nine months ended September 30, 2016 and 2015 (in millions, except per-share amounts):

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Basic EPS				
Loss from continuing operations	\$ (238)	\$ (2,606)	\$ (734)	\$ (2,641)
Discontinued operations, net	(3)	(3)	432	(10)
Net loss	(241)	(2,609)	(302)	(2,651)
Less: Net income allocated to participating securities	—	—	—	—
Net loss, net of participating securities	(241)	(2,609)	(302)	(2,651)
Weighted average number of basic shares	764.0	763.3	763.7	766.4
Basic EPS	\$ (0.32)	\$ (3.42)	\$ (0.40)	\$ (3.46)
Diluted EPS				
Net loss, net of participating securities	\$ (241)	\$ (2,609)	\$ (302)	\$ (2,651)
Weighted average number of basic shares	764.0	763.3	763.7	766.4
Dilutive effect of potentially dilutive securities	—	—	—	—
Total diluted weighted average common shares	764.0	763.3	763.7	766.4
Diluted EPS	\$ (0.32)	\$ (3.42)	\$ (0.40)	\$ (3.46)

13. Subsequent Event

In October 2016, Occidental acquired producing and non-producing leasehold acreage in the Permian Basin. This acquisition includes 35,000 net acres in Reeves and Pecos counties, Texas in the Southern Delaware Basin, in areas where Occidental currently operates or has working interests. Separately, Occidental also acquired working interests in several producing oil and gas CO₂ floods and related EOR infrastructure, increasing Occidental's ownership in several properties where it is currently the operator or an existing working interest partner. The total purchase price for these transactions is approximately \$2.0 billion, which Occidental funded from existing cash on hand.

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

In this report, "Occidental" means Occidental Petroleum Corporation (OPC), or OPC and one or more entities in which it owns a controlling interest (subsidiaries). 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. Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. Factors that could cause results to differ include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; higher-than-expected costs; the regulatory approval environment; reorganization or restructuring of Occidental's operations; not successfully completing, or any material delay of, field developments, expansion projects, capital expenditures, efficiency projects, acquisitions or dispositions; uncertainties about the estimated quantities of oil and natural gas reserves; lower-than-expected production from development projects or acquisitions; exploration risks; general economic slowdowns domestically or internationally; political conditions and events; liability under environmental regulations including remedial actions; litigation; disruption or interruption of production or manufacturing or facility damage due to accidents, chemical releases, labor unrest, weather, natural disasters, cyber attacks 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 prospective nature of 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, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part I, Item 1A "Risk Factors" of Occidental's Annual Report on Form 10-K for the year ended December 31, 2015 (the 2015 Form 10-K).

Consolidated Results of Operations

Occidental reported a net loss from continuing operations of \$238 million for the third quarter of 2016 on net sales of \$2.6 billion, compared to a net loss from continuing operations of \$2.6 billion on net sales of \$3.1 billion for the third quarter of 2015. The net losses for the third quarters of 2016 and 2015 included asset impairments and related charges of \$221 million and \$3.4 billion, respectively. Diluted loss per share from continuing operations was \$0.31 for the third quarter of 2016, compared to diluted loss of \$3.41 per share for the third quarter of 2015.

Occidental reported a net loss from continuing operations of \$734 million for the first nine months of 2016 on net sales of \$7.3 billion, compared to a net loss of \$2.6 billion on net sales of \$9.7 billion for the same period in 2015. The net losses for the nine months ended September 2016 and 2015 included asset impairment and related items charges of \$299 million and \$3.7 billion, respectively. Diluted loss per share from continuing operations was \$0.96 per share for the first nine months of 2016, compared to a loss per share of \$3.45 for the same period of 2015. Gain from discontinued operations was \$432 million for the first nine months of 2016, compared with a loss of \$10 million for the same period of 2015.

Excluding asset impairment and related items charges, net losses from continuing operations for the three and nine months ended September 30, 2016, compared to the same period of 2015, mainly reflected lower realized oil prices and sales volumes. To a lesser extent, net losses from continuing operations for the third quarter of 2016 also reflected lower chemical sales prices and volumes, and lower midstream domestic pipeline income.

Selected Statements of Operations Items

Net sales decreased for the three and nine months ended September 30, 2016, compared to the same periods in 2015, due to lower oil prices and sales volumes. Gain on disposal of assets, net, for the nine months ended September 30, 2016, reflect gains on the sale of the Piceance Basin operations in Colorado of \$121 million, the Occidental Tower building in Dallas of \$57 million and South Texas Eagle Ford non-operated properties of \$59 million.

Compared to the same periods in 2015, cost of sales for the three and nine months ended September 30, 2016 reflected lower oil and gas production costs, mainly from maintenance and support activities. The nine months ended September 30, 2016 also reflected lower raw material and energy costs for the chemical business.

Asset impairments and related items for the three and nine months ended September 30, 2016, reflected an impairment charge of \$112 million related to Libya and a crude oil supply agreement termination charge of \$160 million. The nine months ended September 30, 2016 also reflected impairment charges of \$78 million related to the special stock dividend of California Resources shares. Asset impairments and related items in the Oil and Gas segment for the three and nine months ended September 30, 2015 reflected impairment charges of \$3.1 billion, which included \$763 million to write down the net book value of the Williston operations and impairment charges related to Occidental's domestic gas operations of \$924 million, Iraq operations of \$760 million and Libya operations of \$676 million due to the decline in oil and gas futures prices. The nine months ended September 30, 2015 also reflected first quarter impairment charges of \$195 million for Occidental's South Texas Eagle Ford non-operated properties and \$41 million to write-off the remaining investment in Yemen due to the collapse of the country's government.

Taxes other than on income for the three and nine months ended September 30, 2016, compared to the same periods of 2015, reflected lower production and ad valorem taxes, due to lower oil and gas prices and the sale of the Williston operation.

Higher interest and debt expense, net for the three and nine months ended September 30, 2016, compared to the same periods of 2015, reflected lower capitalized interest and an additional six months interest expense related to the \$750 million 3.50-percent senior unsecured notes due 2025 and \$750 million of 4.625-percent senior unsecured notes due 2045 issued in June 2015. The nine months ended September 30, 2016 also reflected a premium charge on the early retirement in May 2016 of the \$1.25 billion of 1.75-percent senior notes due February 2017.

The domestic and foreign income tax benefit for the three and nine months ended September 30, 2016, compared to the same periods of 2015, reflected lower pre-tax operating losses in 2016 compared to 2015. The nine months ended September 30, 2016 also reflected the relinquishment of foreign exploration blocks.

Selected Analysis of Financial Position

See "Liquidity and Capital Resources" for a discussion about the changes in cash and cash equivalents and restricted cash.

The increase in trade receivables, net, at September 30, 2016, compared to December 31, 2015, was due to an increase in oil and gas realized prices. The decrease in assets held for sale and available for sale investment reflect the sale of Piceance operations in Colorado and the Occidental Tower in Dallas, and the distribution of Occidental's remaining California Resources common stock to its shareholders. The increase in investments in unconsolidated entities is primarily a result of capital contributions associated with the joint venture for the ethylene cracker at the OxyChem Ingleside facility. The decrease in property, plant and equipment, net, is primarily the result of \$3.2 billion of DD&A, partially offset by capital expenditures of \$1.8 billion.

Current maturities of long-term debt at September 30, 2016, decreased from December 31, 2015, due to the payments of \$700 million 2.5-percent senior notes due February 2016 and \$750 million 4.125-percent senior notes due June 2016. The increase in long-term debt, net since December 31, 2015 is the result of the issuance of \$2.75 billion of senior notes in April 2016, partially offset by the early redemption in May 2016 of \$1.25 billion 1.75-percent senior notes due February 2017.

The increase in accounts payable at September 30, 2016, is due to higher marketing payables as a result of higher oil and gas prices at the end of the third quarter 2016 compared to year-end 2015. Liabilities of assets held for sale as of September 30, 2016, decreased due to the sale of Piceance operations in Colorado.

Segment Operations

Occidental conducts its operations through three segments: (1) oil and gas; (2) chemical; and (3) 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, processes, transports, stores, purchases and markets oil, condensate, NGLs, natural gas, CO₂ and power. It also trades around its assets, including transportation and storage capacity. Additionally, the midstream and marketing segment invests in entities that conduct similar activities.

The following table sets forth the sales and earnings of each operating segment and corporate items for the three and nine months ended September 30, 2016 and 2015 (in millions):

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Net Sales ^(a)				
Oil and Gas	\$ 1,660	\$ 2,054	\$ 4,560	\$ 6,405
Chemical	988	1,008	2,786	3,038
Midstream and Marketing	202	231	476	722
Eliminations	(202)	(177)	(520)	(491)
	<u>\$ 2,648</u>	<u>\$ 3,116</u>	<u>\$ 7,302</u>	<u>\$ 9,674</u>
Segment Results ^(b)				
Oil and Gas	\$ (51)	\$ (3,128)	\$ (653)	\$ (3,039)
Chemical	117	272	419	547
Midstream and Marketing	(180)	24	(333)	96
	<u>(114)</u>	<u>(2,832)</u>	<u>(567)</u>	<u>(2,396)</u>
Unallocated Corporate Items ^(b)				
Interest expense, net	(62)	(47)	(203)	(82)
Income tax benefit	30	445	329	140
Other expense, net	(92)	(172)	(293)	(303)
	<u>(124)</u>	<u>(874)</u>	<u>(667)</u>	<u>(445)</u>
Loss from continuing operations	(238)	(2,606)	(734)	(2,641)
Discontinued operations, net	(3)	(3)	432	(10)
Net loss	<u>\$ (241)</u>	<u>\$ (2,609)</u>	<u>\$ (302)</u>	<u>\$ (2,651)</u>

(a) Intersegment sales eliminate upon consolidation and are generally made at prices approximating 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 and Marketing Segment" and "Corporate" discussions that follow.

Significant Transactions and Events Affecting Earnings

The following table sets forth significant transactions and events that vary widely and unpredictably in nature, timing and amount, affecting Occidental's earnings for the three and nine months ended September 30, 2016 and 2015 (in millions):

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Oil and Gas				
Asset sales gains and other	\$ 59	\$ —	\$ 82	\$ 5
Asset impairments and related items - Domestic	—	(1,852)	—	(2,102)
Asset impairments and related items - International	(61)	(1,438)	(61)	(1,485)
Total Oil and Gas	\$ (2)	\$ (3,290)	\$ 21	\$ (3,582)
Chemical				
Asset sales gains	\$ —	\$ 98	\$ 88	\$ 98
Total Chemical	\$ —	\$ 98	\$ 88	\$ 98
Midstream and Marketing				
Asset impairments and related items	\$ (160)	\$ (7)	\$ (160)	\$ (14)
Total Midstream and Marketing	\$ (160)	\$ (7)	\$ (160)	\$ (14)
Corporate				
Asset impairments	\$ —	\$ (5)	\$ —	\$ (5)
Spin-off costs and related items	—	(95)	(78)	(115)
Asset sales gains (losses)	—	2	—	(9)
Tax effect of pre-tax adjustments ^(a)	36	667	69	766
Discontinued operations, net ^(b)	(3)	(3)	432	(10)
Total Corporate	\$ 33	\$ 566	\$ 423	\$ 627
Total	\$ (129)	\$ (2,633)	\$ 372	\$ (2,871)

(a) The nine months ended September 30, 2016 amount included benefits for the relinquishment of foreign exploration blocks.

(b) 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 nine months ended September 30, 2016 and 2015 (in millions):

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Oil and Gas results	\$ (51)	\$ (3,128)	\$ (653)	\$ (3,039)
Chemical results	117	272	419	547
Midstream and Marketing results	(180)	24	(333)	96
Unallocated corporate items	(154)	(219)	(496)	(385)
Pre-tax loss	(268)	(3,051)	(1,063)	(2,781)
Income tax benefit (provision)				
Federal and state	242	747	767	919
Foreign	(212)	(302)	(438)	(779)
Total	30	445	329	140
Loss from continuing operations	\$ (238)	\$ (2,606)	\$ (734)	\$ (2,641)
Worldwide effective tax rate	11%	15%	31%	5%

Occidental's worldwide effective tax rate of 31 percent for the nine months ended September 30, 2016 is higher than the comparative period of 2015 due to the mix of domestic operating losses and foreign operating income, as well as the current year domestic tax benefit associated with the relinquishment of foreign exploration blocks and oil and gas asset impairments recorded in 2015. Excluding the impact of asset sales and other nonrecurring items, Occidental's worldwide effective tax rate for the nine months ended September 30, 2016 would be 28 percent.

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 nine months ended September 30, 2016 and 2015. The differences between the production and sales volumes per day are generally due to the timing of shipments at Occidental's international locations where the product is loaded onto tankers.

Production Volumes per Day	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Oil (MBBL)				
United States	181	204	189	203
Middle East/North Africa	164	207	172	195
Latin America	26	25	33	34
NGLs (MBBL)				
United States	55	58	54	55
Middle East/North Africa	31	22	27	15
Natural Gas (MMCF)				
United States	349	419	364	434
Middle East/North Africa	531	607	608	529
Latin America	8	9	8	10
Total Production Volumes (MBOE)^(a)	605	689	638	665

Sales Volumes per Day	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Oil (MBBL)				
United States	181	204	189	203
Middle East/North Africa	163	179	173	185
Latin America	31	34	34	34
NGLs (MBBL)				
United States	55	58	54	55
Middle East/North Africa	31	22	27	15
Natural Gas (MMCF)				
United States	349	419	364	434
Middle East/North Africa	531	607	608	529
Latin America	8	9	8	10
Total Sales Volumes (MBOE)^(a)	609	670	640	655

(See footnote following the table below)

The following tables set forth the production and sales volumes of ongoing operations for oil, NGLs and natural gas per day for the three and nine months ended September 30, 2016 and 2015, this excludes operations sold, exited or exiting.

Production Volumes per Day	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Oil (MBBL)				
United States ^(b)	181	188	189	186
Middle East/North Africa ^(c)	164	168	163	159
Latin America	26	25	33	34
NGLs (MBBL)				
United States ^(b)	55	55	53	52
Middle East/North Africa	31	22	27	15
Natural Gas (MMCF)				
United States ^(b)	349	343	350	353
Middle East/North Africa ^(c)	531	365	457	287
Latin America	8	9	8	10
Total Production Ongoing Operations (MBOE)	605	578	601	555
Operations Sold, Exited and Exiting	—	111	37	110
Total Production Volumes (MBOE) ^(a)	605	689	638	665

Sales Volumes per Day	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Oil (MBBL)				
United States ^(b)	181	188	189	186
Middle East/North Africa ^(d)	163	162	164	158
Latin America	31	34	34	34
NGLs (MBBL)				
United States ^(b)	55	55	53	52
Middle East/North Africa	31	22	27	15
Natural Gas (MMCF)				
United States ^(b)	349	343	350	353
Middle East/North Africa ^(d)	531	365	457	287
Latin America	8	9	8	10
Total Sales Ongoing Operations (MBOE)	609	581	603	554
Operations Sold, Exited and Exiting	—	89	37	101
Total Sales Volumes (MBOE) ^(a)	609	670	640	655

Note: MBBL represents thousand barrels. MMCF represents million cubic feet.

(a) Natural gas volumes have been converted to thousands of barrels of oil equivalent (MBOE) based on energy content of six million cubic feet (MMCF) of gas to one thousand barrels of oil (MBOE). Barrels of oil equivalence does not necessarily result in price equivalence.

(b) Excludes 16 MBBL, 3 MBBL and 76 MMCF of oil, NGLs and gas for the three months ended September 30, 2015 related to Williston and Piceance. Excludes 1 MBBL of NGLs and 14 MMCF of gas for the nine months ended September 30, 2016, related to Piceance and 17 MBBL, 3 MBBL and 81 MMCF of oil, NGLs, and gas for the nine months ended September 30, 2015, related to Williston and Piceance.

(c) Excludes 39 MMBL and 242 MMCF of oil and gas for the three months ended September 30, 2015, related to Bahrain and Iraq. Excludes 9 MBBL and 151 MMCF of oil and gas for the nine months ended September 30, 2016, and 36 MMBL and 242 MMCF of oil and gas for the nine months ended September 30, 2015, related to Bahrain, Iraq, Libya and Yemen.

(d) Excludes 17 MMBL and 242 MMCF of oil and gas for the three months ended September 30, 2015, related to Bahrain and Iraq. Excludes 9 MBBL and 151 MMCF of oil and gas for the nine months ended September 30, 2016, and 27 MMBL and 242 MMCF of oil and gas for the nine months ended September 30, 2015, related to Bahrain, Iraq, Libya and Yemen.

The following tables present information about Occidental's average realized prices and index prices for the three and nine months ended September 30, 2016 and 2015:

Average Realized Prices	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Oil (\$/BBL)				
United States	\$ 41.49	\$ 44.48	\$ 37.31	\$ 46.97
Middle East/North Africa	\$ 41.84	\$ 52.53	\$ 36.26	\$ 54.37
Latin America	\$ 39.66	\$ 42.46	\$ 35.50	\$ 48.53
Total Worldwide	\$ 41.49	\$ 47.78	\$ 36.70	\$ 50.33
NGLs (\$/BBL)				
United States	\$ 15.21	\$ 13.72	\$ 13.12	\$ 16.06
Middle East/North Africa	\$ 14.63	\$ 17.12	\$ 14.47	\$ 19.25
Total Worldwide	\$ 14.99	\$ 14.68	\$ 13.58	\$ 16.73
Natural Gas (\$/MCF)				
United States	\$ 2.30	\$ 2.24	\$ 1.74	\$ 2.28
Latin America	\$ 3.48	\$ 5.67	\$ 3.66	\$ 5.18
Total Worldwide	\$ 1.84	\$ 1.51	\$ 1.43	\$ 1.55

Average Index Prices	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
WTI oil (\$/BBL)	\$ 44.94	\$ 46.43	\$ 41.33	\$ 51.00
Brent oil (\$/BBL)	\$ 46.98	\$ 51.17	\$ 43.01	\$ 56.61
NYMEX gas (\$/MCF)	\$ 2.70	\$ 2.78	\$ 2.24	\$ 2.86

Average Realized Prices as Percentage of Average Index Prices	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Worldwide oil as a percentage of average WTI	92%	103%	89%	99%
Worldwide oil as a percentage of average Brent	88%	93%	85%	89%
Worldwide NGLs as a percentage of average WTI	33%	32%	33%	33%
Domestic natural gas as a percentage of average NYMEX	85%	81%	78%	80%

Oil and gas segment losses were \$51 million for the third quarter of 2016, compared with segment losses of \$3.1 billion for the third quarter of 2015. The pre-tax results for the third quarter of 2015 included \$3.3 billion of pre-tax impairment and related charges, which reflected the sharp decline in the oil and gas futures price curves, as well as projects that management determined it would cease to pursue. After removing the impact of asset sales, impairments and other adjustments, the decrease in earnings year over year was mainly due to lower oil prices and volumes.

Total average daily production volumes were 605,000 BOE for the third quarter of 2016 compared to 689,000 BOE for the third quarter of 2015. Occidental completed the sale of the Piceance Basin assets on March 1, 2016, and continues to reduce its exposure to non-core operations in the Middle East/North Africa. Occidental completed its exit from Bahrain in the third quarter of 2016. These non-core domestic and international operations produced average daily volumes of 111,000 BOE in the third quarter of 2015. For the third quarter of 2016, total company average daily oil and gas production volumes for ongoing operations increased by 27,000 barrels of oil equivalent (BOE) to 605,000 BOE from 578,000 BOE in the third quarter of 2015. Compared to the third quarter of 2015, domestic average daily production for ongoing operations decreased by 6,000 BOE to 294,000 BOE in the third quarter of 2016, with South Texas decreasing by 10,000 BOE, which was partially offset by a 5,000 BOE production increase by Permian Resources. International average daily production for ongoing operations increased to 311,000 BOE in the third quarter of 2016 from 278,000 BOE in the third quarter of 2015. The increase in international production is primarily attributable to Al Hosn, which was still ramping up production in the third quarter of 2015, in addition to Oman's Block 62 production which commenced in 2016.

Worldwide commodity prices for the third quarter of 2016 were lower than the third quarter of 2015. The average quarterly WTI and Brent prices decreased to \$44.94 per barrel and \$46.98 per barrel, respectively, for the third quarter of 2016, compared to \$46.43 per barrel and \$51.17 per barrel, respectively, for the third quarter of 2015. Worldwide realized crude oil prices declined by 13 percent to \$41.49 per barrel for the third quarter of 2016, compared to \$47.78 per barrel in the third quarter of 2015. Worldwide realized NGL prices increased by 2 percent to \$14.99 per barrel in the third quarter of 2016, compared to \$14.68 per barrel in the third quarter of 2015. Domestic realized natural gas prices increased by 3 percent in the third quarter of 2016 to \$2.30 per MCF, compared to \$2.24 per MCF in the third quarter of 2015.

Oil and gas segment losses were \$653 million for the first nine months of 2016, compared with segment losses of \$3.0 billion for the same period of 2015. The pre-tax results for the first nine months of 2015 included \$3.6 billion of pre-tax impairment and related charges. After removing the impact of impairments and related charges, the decrease in earnings for the first nine months of 2016 was mainly due to oil prices partially offset by lower operating costs.

Total average daily production volumes for the first nine months of 2016 and 2015 were 638,000 BOE and 665,000 BOE, respectively. For the first nine months of 2016 and 2015, non-core operations produced average daily volumes of 37,000 BOE and 110,000 BOE, respectively. For the first nine months of 2016, total company average daily oil and gas production volumes for ongoing operations increased by 46,000 barrels of oil equivalent (BOE) to 601,000 BOE from 555,000 BOE for the first nine months of 2015. Domestic average daily production for ongoing operations increased by 4,000 BOE for the first nine months of 2016 as compared to the first nine months of 2015 with Permian Resources increasing by 17,000 BOE, which was partially offset by lower natural gas and NGL production in South Texas. International average daily production for ongoing operations increased to 300,000 BOE for the first nine months of 2016 from 258,000 BOE for the first nine months of 2015. The increase in international production mainly comes from Al Hosn, which was not fully operational in the first nine months of 2015, and Oman's Block 62 production which commenced in 2016.

Worldwide commodity prices for the first nine months of 2016 were lower than the same period of 2015. Worldwide realized crude oil prices declined by 27 percent to \$36.70 per barrel for the first nine months of 2016, compared to \$50.33 per barrel for the same period of 2015. Worldwide realized NGL prices decreased by 19 percent to \$13.58 per barrel for the first nine months of 2016, compared to \$16.73 per barrel for the same period of 2015. Domestic realized natural gas prices decreased by 24 percent for the first nine months of 2016 to \$1.74 per MCF, compared to \$2.28 per MCF for the same period of 2015.

In October 2016, Occidental acquired producing and non-producing leasehold acreage in the Permian Basin. This acquisition includes 35,000 net acres in Reeves and Pecos counties, Texas in the Southern Delaware Basin, in areas where Occidental currently operates or has working interests. Separately, Occidental also acquired working interests in several producing oil and gas CO₂ floods and related EOR infrastructure, increasing Occidental's ownership in several properties where it is currently the operator or an existing working interest partner. The total purchase price for these transactions is approximately \$2.0 billion, which Occidental funded from existing cash on hand.

Occidental's financial results correlate closely to the prices it obtains for its products. The weak price environment continues to significantly impact earnings as compared to the same period in 2015. Further declines in these commodity prices may result in additional impairments to reduce the carrying value of Occidental's oil and gas properties, as well as reducing the amount of these commodities that can be produced economically and the quantity and present value of proved reserves.

The calculated average first-day-of-the-month West Texas Intermediate oil price and Henry Hub natural gas price were \$41.52 per barrel and \$2.42 per MMBtu, respectively, for the first ten months of 2016 as compared to \$50.28 per barrel and \$2.66 per MMBtu for the twelve months of 2015. Lower commodity prices in 2016 could result in a portion of proved reserves deemed uneconomic and no longer classified as proved.

Chemical Segment

Chemical segment earnings for the three and nine months ended September 30, 2016, were \$117 million and \$419 million, respectively, compared to \$272 million and \$547 million for the same periods of 2015. Excluding gains on sale of the chemical assets, the lower earnings for the three months ended September 30, 2016 compared to the same period in 2015 reflected lower sales volumes, primarily chlor-alkali and calcium chloride, along with higher ethylene costs resulting from significant planned and unplanned industry cracker outages, which was partially offset

by higher realized caustic soda pricing. Excluding gains on sale for the chemical assets, the lower earnings for the nine months ended September 30, 2016 compared to the same period in 2015 reflected lower vinyl margins as vinyl prices declined more than key material costs. In addition, chlor-alkali sales prices and volumes were unfavorable across most product lines which was partially offset by lower energy costs. Calcium chloride earnings were negatively impacted by the mild winter weather conditions.

Midstream and Marketing Segment

Midstream and marketing losses were \$180 million and \$333 million for the three and nine months ended September 30, 2016, respectively, compared to segment earnings of \$24 million and \$96 million for the same periods of 2015. The three months ended September 30, 2016 included a crude oil supply contract termination charge of \$160 million. Excluding the termination charge, the three and nine months ended September 30, 2016, compared to the same periods of 2015, reflected lower marketing margins due to unfavorable Permian to Gulf Coast differentials and lower domestic pipeline income due to lower throughput volumes.

Liquidity and Capital Resources

At September 30, 2016, Occidental had \$3.2 billion in cash. Subsequent to the quarter end, Occidental acquired Permian producing and non-producing leasehold acreage, CO₂ properties and related infrastructure for approximately \$2.0 billion. Occidental funded these acquisitions from existing cash on hand. Income and cash flows are largely dependent on the oil and gas segment's realized prices, sales volumes and operating costs. In the first nine months of 2016, Occidental significantly reduced its capital expenditures compared to the prior year period. With a continued focus on capital efficiency and operational efficiency, Occidental expects to fund its liquidity needs, including future dividend payments, through cash on hand, cash generated from operations, monetization of non-core assets or investments and through future borrowings, and if necessary, proceeds from other forms of capital issuance.

Net cash provided by operating activities was \$2.5 billion and \$2.4 billion for the nine months ended September 30, 2016 and 2015, respectively. The 2016 amount include \$0.9 billion from discontinued operations related to the Ecuador settlement. Cash flows were negatively impacted by significantly lower oil prices and sales volumes in the first nine months of 2016 as compared to the same period in 2015; this was partially offset by operating cost reductions as well as cash receipts of \$882 million for the Ecuador settlement and \$302 million of federal income tax refunds. The impact of the chemical and the midstream and marketing segments on overall cash flows is typically less significant than the impact of the oil and gas segment because these segments are significantly smaller. The usage of working capital of approximately \$460 million for the nine months ended September 30, 2016 mainly reflected higher oil prices at the end of the third quarter of 2016 compared to the year-end of 2015, which increased marketing receivables.

Occidental's net cash used by investing activities was \$2.0 billion for the first nine months of 2016, compared to \$5.1 billion for the same period of 2015. Capital expenditures for the first nine months of 2016 were \$1.8 billion of which \$1.4 billion was for the oil and gas segment, compared to \$4.2 billion for the first nine months of 2015 of which \$3.6 billion was for the oil and gas segment. The change in capital accrual for both periods reflected amounts paid in the current year related to capital expenditures incurred and accrued in the fourth quarter of the preceding year. Capital expenditures have been significantly reduced in response to the current commodity price environment.

Occidental's net cash used by financing activities was \$0.5 billion for the first nine months of 2016, compared to net cash provided by financing activities of \$1.5 billion for the same period of 2015. Restricted cash of \$1.2 billion and \$2.3 billion was used to pay dividends and repay debt in the first nine months of 2016 and 2015, respectively. In the first nine months of 2016 and 2015, Occidental received net proceeds of \$2.72 billion and \$1.48 billion for the issuance of senior notes, respectively. In the first nine months of 2016, Occidental repaid \$700 million of 2.5-percent senior notes due February 2016 and \$750 million of 4.125-percent senior notes due June 2016, and redeemed \$1.25 billion of 1.75-percent senior notes due February 2017.

As of September 30, 2016, Occidental was in compliance with all covenants of its financing agreements and had substantial capacity for additional unsecured borrowings, the payment of cash dividends and other distributions on, or acquisitions of, Occidental stock.

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 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 of hazardous substances; or operation and maintenance of remedial systems. These 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.

Refer to Note 6, *Environmental Liabilities and Expenditures*, in the *Notes to the Consolidated Condensed Financial Statements* in Part I Item 1 of this Form 10-Q and to the *Environmental Liabilities and Expenditures* section of *Management's Discussion and Analysis of Financial Condition and Results of Operations* in the 2015 Form 10-K for additional information regarding Occidental's environmental expenditures.

Lawsuits, Claims, Commitments and Contingencies

Occidental accrues reserves for 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 balances for environmental matters. Reserve balances for other matters as of September 30, 2016, and December 31, 2015, 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 which 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. For further information, see Note 7, *Lawsuits, Claims, Commitments and Contingencies*, in the *Notes to Consolidated Condensed Financial Statements* in Part I Item 1 of this Form 10-Q.

Recently Adopted Accounting and Disclosure Changes

See Note 3, *Accounting and Disclosure Changes*, in the *Notes to Condensed Consolidated Financial Statements* in Part I Item 1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For the three and nine months ended September 30, 2016, there were no material changes in the information required to be provided under Item 305 of Regulation S-K included under Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in the 2015 Form 10-K.

Item 4. Controls and Procedures

Occidental's President and Chief Executive Officer and its Senior 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 Senior Vice President and Chief Financial Officer concluded that Occidental's disclosure controls and procedures were effective as of September 30, 2016.

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 first nine months of 2016 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 other legal proceedings, see Note 7, Lawsuits, Claims, Commitments and Contingencies in the Notes to Condensed Consolidated Financial Statements, in Part I Item 1 of this Form 10-Q, and Part I Item 3, "Legal Proceedings" in the 2015 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchase Activities

Occidental's share repurchase activities for the nine months ended September 30, 2016, 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 (a)
First Quarter 2016	103,371 ^(b)	\$ 70.63	—	
Second Quarter 2016	96,449	\$ 76.06		
July 1- 31, 2016	—	\$ —	—	
August 1 - 31, 2016	—	\$ —	—	
September 1 - 30, 2016	96,151	\$ 70.50	—	
Third Quarter 2016	96,151	\$ 70.50	—	
Total	295,971	\$ 72.36	—	63,756,544

(a) Represents the total number of shares remaining at September 30, 2016, under Occidental's share repurchase program of 185 million shares. The program was initially announced in 2005. The program does not obligate Occidental to acquire any specific number of shares and may be discontinued at any time.

(b) Includes purchases from the trustee of Occidental's defined contribution savings plan that are not part of publicly announced plans or programs.

Item 6. Exhibits

- 10.1 First Amendment to the Occidental Petroleum Corporation 2015 Long-Term Incentive Plan.
- 10.2 Form of Occidental Petroleum Corporation Supplemental Retirement Plan II (Effective as of January 1, 2005, Amended and Restated as of November 1, 2008 and Restated as of October 31, 2016 solely to incorporate all interim amendments).
- 10.3 Form of Occidental Petroleum Corporation Modified Deferred Compensation Plan (Effective as of December 31, 2006, Amended and Restated effective as of November 1, 2008 and Restated as of October 31, 2016 solely to incorporate all interim amendments).
- 12 Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the nine months ended September 30, 2016 and 2015, and for each of the five years in the period ended December 31, 2015.
- 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: November 1, 2016

/s/ Jennifer M. Kirk

Jennifer M. Kirk
Vice President, Controller and
Principal Accounting Officer

EXHIBIT INDEX

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**FIRST AMENDMENT TO THE
OCCIDENTAL PETROLEUM CORPORATION
2015 LONG-TERM INCENTIVE PLAN**

This First Amendment (the "**First Amendment**") to the Occidental Petroleum Corporation 2015 Long-Term Incentive Plan (the "**Plan**"), is made effective as of July 14, 2016 (the "**Amendment Effective Date**"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan.

WHEREAS, Occidental Petroleum Corporation, a Delaware corporation (the "**Company**"), previously adopted the Plan;

WHEREAS, Section 8 of the Plan provides, among other things, that, subject to certain exceptions, the Board may amend the Plan without the consent of the Company's stockholders and the Committee may amend an outstanding Award granted under the Plan without the consent of Participants under the Plan; and

WHEREAS, (i) the Board desires to amend the Plan in order to enable the Company to withhold amounts of withholding and other taxes due with respect to an Award (including outstanding Awards) from shares of Stock (including shares of Stock otherwise issuable under an Award) at the maximum statutory withholding rate applicable to a Participant and (ii) the Committee desires to establish certain withholding procedures with respect to outstanding Awards granted on or before the Amendment Effective Date, in each case, pursuant to the First Amendment.

NOW, THEREFORE, BE IT RESOLVED, that, the Plan shall be amended as of the Amendment Effective Date, as set forth below:

1. Section 9(b) of the Plan shall be deleted in its entirety and replaced with the following:

"(b) **Tax Withholding**. The Company and any of its Subsidiaries are authorized to withhold from any Award granted, or any payment relating to an Award under the Plan, including from a distribution of Stock, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company, its Subsidiaries and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. The Committee shall determine the form of payment of such tax withholding obligations, including without limitation cash or cash equivalents, Stock (including previously owned shares or through a cashless or net settlement or a broker-assisted sale or other reduction of the amount of shares otherwise issuable pursuant to the Award), other property, or any other legal consideration the Committee deems appropriate. This shall include authority to, in the discretion of the Committee with respect to any Participant who is subject to Rule 16b-3 (which Committee, for these purposes, shall be comprised of two or more "nonemployee directors" within the meaning of Rule 16b-3(b)(3) or the full Board and which such discretion may not be delegated to management), withhold, sell or receive Stock or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis; provided, that if such tax obligations are satisfied through the withholding of shares of Stock that are otherwise issuable to the Participant pursuant to an Award (or through the surrender of shares of Stock by the Participant to the Company), the number of shares of Stock that

may be so withheld (or surrendered) shall not exceed the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding (or surrender) equal to the aggregate amount of such obligations determined based on the maximum statutory withholding rates in the applicable Participant's jurisdiction that may be utilized without creating adverse accounting treatment with respect to such Award, as determined by the Committee.

2. The Award Agreement for each outstanding Award that was granted on or before the Amendment Effective Date is hereby deemed to be amended to reflect Section 9(b) of the Plan, as amended by the First Amendment, and that, unless (a) specifically provided otherwise in the future by an action of the Committee (which action may not be delegated to the Company's management), or (b) a Participant provides official notification to the Company to apply a different applicable withholding rate, the Company shall withhold all applicable tax-related items legally payable by the Participant upon the vesting, settlement or exercise, as applicable, of the outstanding Award from any cash and shares of Stock that are to be paid or issued to the Participant pursuant to the Award, in any combination as determined by the Committee in accordance with the terms of the applicable Award Agreement based on the Participant's applicable minimum statutory withholding rate at the time such tax obligations are due.

FURTHER RESOLVED, that except as amended hereby, the Plan and each outstanding Award Agreement shall continue to read in their current states and are specifically ratified and reaffirmed.

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**Occidental Petroleum Corporation
Supplemental Retirement Plan II**

Effective as of January 1, 2005

Amended and Restated as of November 1, 2008

Restated as of October 31, 2016 solely to incorporate all interim amendments

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Article 1. Introduction

1.1 Adoption of the Plan

The Occidental Petroleum Corporation Supplemental Retirement Plan II (the “Plan”) was originally adopted by Occidental Petroleum Corporation (the “Company”) effective as of January 1, 2005. Effective November 1, 2008, the Occidental Petroleum Corporation Supplemental Retirement Plan (the “Supplemental Retirement Plan”) was merged with and into this Plan, which was amended and restated (the “2008 Restatement”) as set forth herein. Effective November 1, 2008, the account of each participant under the Supplemental Retirement Plan was transferred to this Plan and governed by the terms of this Plan. Effective as of October 31, 2016, the Company restated this Plan in its entirety solely for the purpose of incorporating all interim amendments made to the Plan since the 2008 Restatement.

1.2 Purpose of the Plan

It is the purpose of this Plan to provide eligible employees with benefits that will compensate them for maximums imposed by law upon contributions to qualified plans. The portion of the Plan reflecting credits to compensate for the maximum limits imposed by Code section 415 is intended to constitute an “excess plan” as defined in ERISA section 3(36). The remaining portion of the Plan is intended to constitute a plan which is unfunded and maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees and is intended to meet the exemptions provided in ERISA sections 201(2), 301(a)(3), and 401(a)(1), as well as the requirements of Department of Labor Regulation section 2520.104-23. The Plan shall be administered and interpreted so as to meet the requirements of these exemptions and the regulation.

1.3 Status of the Plan

- (a) **Nonqualified Plan.** The Plan is not qualified within the meaning of Code section 401(a). The Plan is intended to provide an unfunded and unsecured promise to pay money in the future and thus not to involve, pursuant to Treas. Reg. § 1.83-3(e), the transfer of “property” for purposes of Code section 83. Likewise, allocations under this Plan to the account maintained for a Participant, and earnings credited thereon, are not intended to confer an economic benefit upon the Participant nor is the right to the receipt of future benefits under the Plan intended to result in any Participant, Beneficiary or Alternate Payee being in constructive receipt of any amount so as to result in any benefit due under the Plan being includible in the gross income of any Participant, Beneficiary or Alternate Payee in advance of the date on which payment of any benefit due under the Plan is actually made.
- (b) **Compliance with Code Section 409A.** This Plan generally is intended to comply with the requirements of Code section 409A and related regulatory guidance, so that the taxation of Participants and Beneficiaries on any compensation deferred under this Plan is deferred. Notwithstanding the foregoing, any amounts that are credited and paid annually from a Participant’s account following the Participant’s attainment of a specified age, as described in Sections 5.1(b)(1) and 5.8(b)(1), are intended to qualify as short-term deferrals under Treas. Reg. § 1.409A-1(b)(4) (or any successor provision) and accordingly to be exempt from such requirements.
- (c) **No Guarantees of Intended Tax Treatment.** The Plan shall be administered and interpreted so as to satisfy the requirements for the intended tax treatment under the Code described in this section. However, the treatment of benefits earned under and benefits received from this Plan, for purposes of the Code and other applicable tax laws (such as state income and employment tax laws), shall be determined under the Code and other applicable tax laws and no guarantee or commitment is made to any Participant, Beneficiary or Alternate Payee with respect to the treatment of accruals under or benefits payable from the Plan for purposes of the Code and other applicable tax laws.

1.4 Application of the Plan

This restatement of the Plan is applicable to Participants employed by an Employer on or after November 1, 2008. In addition, this restatement applies to Participants who have terminated employment before November 1, 2008 but have undistributed benefits under the Plan on that date. All distributions made under the Plan on or after November 1, 2008 (including distributions of Supplemental Retirement Plan accounts transferred to this Plan on November 1, 2008) shall be made in accordance with the provisions of this restatement, as amended from time to time. For this purpose, distributions to Participants who have terminated employment before November 1, 2008 generally shall be governed by Section 5.9 and any other provisions referenced therein.

Article 2. Definitions

2.1 Definitions

Whenever the following words and phrases are used in the Plan with the first letter capitalized, they shall have the meanings specified below, unless the context clearly indicates otherwise:

- (a) **“Administrative Committee”** means the committee with authority to administer the Plan as provided under section 6.1.
- (b) **“Affiliate”** means:
 - (1) Any corporation or other business organization while it is controlled by or under common control with the Company within the meaning of Code sections 414 and 1563;
 - (2) Any member of an affiliated service group within the meaning of Code section 414(m) of which the Company or any Affiliate is a member;
 - (3) Any entity which, pursuant to Code section 414(o) and related Treasury regulations, must be aggregated with the Company or any Affiliate for plan qualification purposes; or
 - (4) Any corporation, trade or business which is more than 50 percent owned, directly or indirectly, by the Company and which is designated by the Board or, if authorized by the Board, the Administrative Committee as an Affiliate.
- (c) **“Alternate Payee”** means a former spouse of a Participant who is recognized by a Divorce Order as having a right to receive all, or a portion of, the benefits payable under this Plan with respect to the Participant.
- (d) **“Annual Bonus”** means the bonus awarded by an Employer to an Active Participant during the Plan Year under a regular annual incentive compensation plan such as the Company’s Variable Compensation Program, Incentive Compensation Program or Executive Incentive Compensation Plan (but excluding, without limitation, a special individual or group bonus, a project bonus, any other special bonus). For avoidance

of doubt, payments made under the Phibro LLC bonus plan or any other bonus plan not specifically stated in the previous sentence are excluded from the definition of Annual Bonus.

- (e) **“Annual Bonus Paid”** means up to the first \$100,000 of bonus paid to a Participant, who is not a “named executive officer”, as that term is defined in Regulations S-K under the Securities Exchange Act of 1934 (17 CFR §229.402(a)(3)), during the Plan Year under a regular annual incentive compensation plan, such as the Company’s Variable Compensation Program or Incentive Compensation Program (but excluding without limitation a special individual or group bonus, a project bonus, and any other special bonus). For avoidance of doubt, “Annual Bonus Paid” means no more than \$100,000 of bonus paid to a Participant, who is not a “named executive officer”, as that term is defined in Regulations S-K under the Securities Exchange Act of 1934 (17 CFR §229.402(a)(3)), during the Plan Year under any one or more regular annual incentive compensation plan.
- (f) **“Base Pay of Record”** means the base salary and wages earned while a Participant from an Employer for services rendered, including pretax deferrals under the Savings Plan, and amounts contributed pursuant to the Occidental Petroleum Flexible Spending Accounts Plan, as amended from time to time.
- (1) Base Pay of Record does not include:
- (A) Bonuses, incentives, overtime, shift differential, and overseas differentials;
 - (B) Reimbursement for expenses or allowances, including automobile allowances and moving allowances;
 - (C) Any amount contributed by the Employer (other than pretax deferrals under the Savings Plan and any amounts contributed pursuant to the Occidental Petroleum Flexible Spending Accounts Plan, as amended from time to time) to any qualified plan or plan of deferred compensation;
 - (D) Any amount paid by an Employer for other fringe benefits, such as health and hospitalization, and group life insurance benefits, or perquisites; and
 - (E) Allowances paid during furlough and, for purposes of subsection (2)(F), such furloughs shall not be treated as paid leaves of absence.
- (2) Base Pay of Record is determined in accordance with the following rules:

- (A) For Participants compensated by salary, Base Pay of Record means the actual base salary of record for the Participant (subject to the exclusions listed above).
- (B) For Participants compensated based on mileage driven (primarily truck drivers), Base Pay of Record means the number of miles driven multiplied by the applicable mileage pay rate (subject to the exclusions listed above), plus the Participant's scheduled number of hours worked in the pay period multiplied by the Participant's base hourly rate (subject to the exclusions listed above).
- (C) For Participants compensated at an hourly rate, Base Pay of Record means the base hourly rate (subject to the exclusions listed above) multiplied by the number of regularly scheduled hours worked in a pay period. If the Active Participant's regularly scheduled work week is more than 40 hours, Base Pay of Record shall include an additional amount equal to the base hourly rate (subject to the exclusions listed above) times one half the number of regularly scheduled hours worked in excess of 40 in the work week.
- (D) For Participants compensated on an eight, ten, twelve, or some other assigned hour Shift Basis and whose annual compensation is pre-determined under the Company's payroll recordkeeping system, Base Pay of Record for each pay period shall be the Participant's pre-determined annual compensation (subject to the exclusions listed above) divided by the number of pay periods applicable to the Participant during the Plan Year. For the purpose of this subsection, the term "Shift Basis" means any arrangement whereby Participants work the assigned hour daily shifts which may result in alternating work weeks of more and less than 40 hours per week.
- (E) Base Pay of Record includes vacation pay received in periodic payments and annual vacation payments made to Employees paid by commission, but does not include single sum vacation payments to active or terminating Employees.
- (F) Base Pay of Record includes base salary or wages received during paid leaves of absence and periodic notice pay, but, effective July 1, 2006, Base Pay of Record does not include single sum notice pay payments or any severance pay payments.
- (G) Base Pay of Record does not include long-term disability payments or payments made to any Participant pursuant to the Occidental Chemical Corporation Weekly Sickness and Accident Plan unless:

(i) Such payments are made to the Participant through the payroll accounting department of the Company or an Affiliate, and

(ii) The Participant is ineligible for participation in the Retirement Plan.

(g) **“Base Pay Paid”** means the Employee Base Pay of Record, reduced for any deferral of base salary under the Deferred Compensation Plan.

(h) **“Beneficiary”** means the person or persons designated by the Participant to receive payment under this Plan in the event of the Participant’s death prior to the complete distribution to the Participant of the benefits due under the Plan. A beneficiary designation shall become effective only when filed in writing with the Administrative Committee during the Participant’s lifetime on a paper form prescribed by the Administrative Committee. The filing of any new Beneficiary designation form will cancel any inconsistent Beneficiary designation previously filed.

If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, the Participant’s Beneficiary shall be the person or persons entitled to receive the Participant’s benefits under the Retirement Plan in the event of the Participant’s death, provided, that if a Participant has previously designated a Beneficiary under Appendix A of the Occidental Petroleum Corporation Supplemental Retirement Plan who survives the Participant, the Participant’s Beneficiary shall be the person or persons so designated under Appendix A of the Occidental Petroleum Corporation Supplemental Retirement Plan.

(i) **“Board”** means the Board of Directors of the Company.

(j) **“Code”** means the Internal Revenue Code of 1986, as amended.

(k) **“Company”** means Occidental Petroleum Corporation and any successor thereto.

(l) **“Deferred Compensation Plan”** means the Occidental Petroleum Corporation Modified Deferred Compensation Plan, as amended from time to time. Prior to October 12, 2006, **“Deferred Compensation Plan”** meant the Occidental Petroleum Corporation 2005 Deferred Compensation Plan, as amended from time to time.

(m) **“Divorce Order”** means any judgment, decree, or order (including judicial approval of a property settlement agreement) that relates to the settlement of marital property rights between a Participant and his former spouse pursuant to a state domestic relations law (including, without limitation and if applicable, community property law), as described in Treas. Reg. § 1.409A-3(j)(4)(ii) (or any successor provision).

(n) **“Employee”** means any person who is an Eligible Employee, as defined in the Retirement Plan.

In addition to the individuals described above, an Employee for purposes of this Plan also shall include the following:

- (1) Individuals who participate or are eligible to participate in the THUMS Long Beach Company Savings and Investment Plan or the THUMS Long Beach Company Pension Plan in 2008; and
- (2) Individuals who are employed by Tidelands Oil Production Company on December 31, 2010.

An individual described in (1) or (2) above shall be eligible to participate in this Plan if he or she meets the applicable requirements under Section 3.1, even if he or she is not eligible to participate in the Retirement Plan, provided, that in no event shall such an individual be eligible for any benefits under this Plan that are conditioned on eligibility for the Retirement Plan unless and until he or she becomes eligible for the Retirement Plan.

Notwithstanding the foregoing, no individual shall be considered an Employee if such individual is not classified as a common-law employee in the employment records of the Employer, without regard to whether the individual is subsequently determined to have been a common-law employee of the Employer. The persons excluded by this paragraph from being Employees are to be interpreted broadly to include and to have at all times included individuals engaged by the Employer to perform services for such entity in a relationship that the entity characterizes as other than an employment relationship, such as where the Employer engages the individual to perform services as an independent contractor or leases the individual's services from a third party. The exclusion of the individual from being an Employee shall apply even if a determination is subsequently made by the Internal Revenue Service, another governmental agency, a court or other tribunal, after the individual is engaged to perform such services, that the individual is an employee of the Employer for purposes of pertinent Code sections or for any other purpose.

(o) **“Employer”** means the Company and any Affiliate which is designated by the Board or the Administrative Committee and which adopts the Plan.

The Board or, if authorized by the Board, the Administrative Committee may designate any Affiliate as an Employer under this Plan. The Affiliate shall become an Employer and a party to this Plan upon acceptance of such designation effective as of the date specified by the Board or Administrative Committee.

By accepting such designation or continuing as a party to the Plan, each Employer acknowledges that:

(A) It is bound by such terms and conditions relating to the Plan as the Company or the Administrative Committee may reasonably require;

- (B) The Company and the Administrative Committee have the authority to review the Affiliate's compliance procedures and to require changes in such procedures to protect the Plan;
- (C) It has authorized the Company and the Administrative Committee to act on its behalf with respect to Employer matters pertaining to the Plan;
- (D) It shall cooperate fully with Plan officials and their agents by providing such information and taking such other actions as they deem appropriate for the efficient administration of the Plan; and
- (E) Its status as an Employer under the Plan is expressly conditioned on its being and continuing to be an Affiliate of the Company.

Subject to the concurrence of the Board or Administrative Committee, any Affiliate may withdraw from the Plan, and end its status as an Employer hereunder, by communicating to the Administrative Committee its desire to withdraw. Upon withdrawal, which shall be effective as of the date agreed to by the Board or Administrative Committee, as the case may be, and the Affiliate, the Plan shall be considered frozen as to Employees of such Affiliate.

- (p) **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.
- (q) **"LTD Participant"** means an Employee:
 - (1) Who became disabled under the terms of the Long-Term Disability Plan prior to October 1, 1995; and
 - (2) Who, during the Plan Year, is receiving benefits under the Long-Term Disability Plan and who was a highly-compensated employee (as defined in Code section 414(q)) in the year of his commencement of benefits under the Long-Term Disability Plan; and
 - (3) Who has not commenced payment of his benefit under this Plan on November 1, 2008.
- (r) **"Long-Term Disability Plan"** means the Occidental Petroleum Corporation Long-Term Disability Plan or, as appropriate to the LTD Participant or context, the Oxy Vinyls, LP Long-Term Disability Plan.
- (s) **"Participant"** means (i) a person meeting the requirements to participate in the Plan set forth in Article 3 and (ii) any other person who has an account under the Plan because he previously met such requirements.
- (t) **"Plan Year"** means the calendar year.

- (u) **“Qualified Divorce Order”** means a Divorce Order that:
 - (1) Creates or recognizes the existence of an Alternate Payee’s right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits payable to a Participant under this Plan;
 - (2) Clearly specifies:
 - (A) The name and the last known mailing address of the Participant and the name and mailing address of the Alternate Payee covered by the order;
 - (B) The amount or percentage of the Participant’s benefits to be paid by this Plan to the Alternate Payee, or the manner in which such amount or percentage is to be determined;
 - (C) The number of payments or period to which such order applies; and
 - (D) That it applies to this Plan; and
 - (3) Does not:
 - (A) Require this Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan;
 - (B) Require this Plan to provide increased benefits;
 - (C) Require the payment of benefits to an Alternate Payee that are required to be paid to another Alternate Payee under another Divorce Order previously determined to be a Qualified Divorce Order; or
 - (D) Require the payment of benefits under this Plan at a time or in a manner that would cause the Plan to fail to satisfy the requirements of Code section 409A (or other applicable section) and any regulations promulgated thereunder or otherwise jeopardize the deferred taxation of any amounts under this Plan.
- (v) **“Retirement Plan”** means the Occidental Petroleum Corporation Retirement Plan, as amended from time to time.
- (w) **“Savings Plan”** means the Occidental Petroleum Corporation Savings Plan, as amended from time to time.
- (x) **“Secondary Threshold Amount”** means the amount determined by the Company and communicated to Employees in advance of the Plan Year as the level of annualized Base Pay of Record plus Annual Bonus awarded in the Plan Year, less any

portion of such Annual Bonus deferred under the Deferred Compensation Plan, each determined as of May 1 of the Plan Year, at which the sum of all contributions made by and on behalf of an Employee under the Savings Plan and Retirement Plan would exceed the dollar limit in effect for the Plan Year under Code section 415(c)(1)(A), based on (1) the maximum contribution rates for the most highly compensated employees and maximum employer matching contribution rates under the Savings Plan and (2) the employer contribution rates for Employees who have attained age 35 as of the last day of the Plan Year under the Retirement Plan.

- (y) **“Separation from Service”** means a Participant’s “separation from service” as defined under Code section 409A and Treas. Reg. § 1.409A-1(h) (or successor provisions). For this purpose, a Participant shall have a Separation from Service if the Participant ceases to be an employee of both:
- (1) The Participant’s Employer;
 - (2) All Affiliates with whom the Participant’s Employer would be considered a single employer under Code section 414(b) or 414(c).

For purposes of the preceding provisions, a Participant who ceases to be an employee of an entity described in (1) or (2) above shall not be considered to have a Separation from Service if such cessation of employment is followed immediately by his commencement of employment with another entity described in (1) or (2) above.

A Participant shall have a Separation from Service if it is reasonably anticipated that no further services shall be performed by the Participant, or that the level of services the Participant shall perform shall permanently decrease to no more than 20 percent of the average level of services performed by the Participant over the immediately preceding 36-month period (or the Participant’s full period of service, if the Participant has been performing services for less than 36 months).

For avoidance of doubt, the transfer of employment of a CRC Deferred Compensation Beneficiary, as that term is defined in the Employee Matters Agreement between Occidental Petroleum Corporation and California Resources Corporation, from Occidental Petroleum Corporation to California Resources Corporation shall not be a Separation from Service.

- (z) **“Specified Employee”** means an Employee who is a “specified employee” within the meaning of Section 409A and Treas. Reg. § 1.409A-1(i) (or successor provisions) and as determined pursuant to any rules adopted for such purposes by the Company.
- (aa) **“Supplemental Retirement Plan”** means the Occidental Petroleum Corporation Supplemental Retirement Plan in effect on December 31, 2004 and as amended from time to time, prior to its merger into this Plan effective November 1, 2008.
- (bb) **“Threshold Amount”** means the amount determined by the Company and communicated to Employees in advance of the Plan Year as the level of annualized

Base Pay of Record at which the sum of all contributions made by and on behalf of an Employee under the Savings Plan and Retirement Plan would exceed the dollar limit in effect for the Plan Year under Code section 415(c)(1)(A), based on (1) an assumed level of Annual Bonus for a particular level of Base Pay of Record determined by the Company in advance of the Plan Year, (2) the maximum contribution rates for the most highly compensated employees and maximum employer matching contribution rates under the Savings Plan, and (3) the employer contribution rate for Employees who have attained age 35 as of the last day of the Plan Year under the Retirement Plan.

- (cc) **“Wage Base”** means the dollar amount of wages, within the meaning set forth in Code section 3121(a), upon which the Employer must pay Social Security Old Age, Survivors and Disability taxes for a Plan Year.

Article 3. Participation

3.1 Effective Date of Participation

An Employee who is a Participant in the Plan on October 31, 2008 shall continue as a Participant on November 1, 2008. Any other Employee shall become a Participant on the first day of the month next following the end of the 30-day period beginning on the first to occur of the following:

- (a) The first day on which the Employee’s annualized Base Pay of Record exceeds the Threshold Amount or, with respect to an Employee whose annualized Base Pay of Record does not exceed the Threshold Amount, May 1st of a Plan Year if the sum of the Employee’s annualized Base Pay of Record as of May 1 of the Plan Year and Annual Bonus awarded during the Plan Year, less any portion of such Annual Bonus deferred under the Deferred Compensation Plan, exceeds the Secondary Threshold Amount.
- (b) The first day on which the Employee’s annualized Base Pay of Record exceeds the amount specified in Code section 401(a)(17), as adjusted and in effect for the Plan Year.
- (c) The Employee (1) is eligible to participate in both the Retirement Plan and the Deferred Compensation Plan, and (2) is eligible to receive a bonus granted under any management incentive compensation plan of an Employer.
- (d) The Employee (1) is eligible to participate in the Savings Plan and (2) makes a deferral election under the Deferred Compensation Plan for the Plan Year.

For purposes of subsections (c) and (d) above, in the case of any Employee other than a newly hired Employee, the Employee’s eligibility for the Deferred Compensation Plan and whether or not the Employee has made a deferral election under the Deferred Compensation Plan shall be determined during the open enrollment period for that plan prior to each Plan Year.

Notwithstanding anything contained herein, any Employee who is entitled to receive supplemental retirement benefits upon his retirement pursuant to a written contract of employment between the Employee and the Company or an Affiliate shall be ineligible to be a Participant effective for future allocations as of the first day of the Plan Year following the effective date of such contractual provision.

Notwithstanding the foregoing, an Employee who participates or is eligible to participate in the THUMS Long Beach Company Savings and Investment Plan or the THUMS Long Beach Company Pension Plan in 2008 and who meets the requirements of subsection (a), (b), (c) or (d) above shall become a Participant on January 1, 2009.

Notwithstanding the foregoing, an Employee who is employed by Tidelands Oil Production Company on December 31, 2010 and who meets the requirements of subsection (b) or (d) above on January 1, 2011 shall become a Participant on January 1, 2011.

3.2 Reemployment; Resumption of Participation

If a Participant terminates employment and is subsequently reemployed as an Employee by an Employer, the Participant shall resume active participation in the Plan on the first date that the Participant again meets one or more of the requirements set forth in Section 3.1. A Participant who ceases to actively participate in the Plan because he no longer meets any of the requirements set forth in Section 3.1 shall resume active participation in the Plan on the first date that the Participant again meets one or more such requirements.

3.3 Allocations to New Participants

Allocations under Article 4 of the Plan shall be based solely on compensation paid for services performed after the date the Employee becomes a Participant in accordance with Section 3.1.

Article 4. Benefits

4.1 Allocations Relating to the Retirement Plan

(a) **Eligibility.** The following Employees who become Participants shall be provided the allocation for the Plan Year specified in subsection (b):

(1) An Employee:

- (A) Who is eligible to participate in the Savings Plan and the Retirement Plan for the Plan Year, and
- (B) Whose annualized Base Pay of Record exceeds the Threshold Amount applicable to the Employee for the Plan Year.

If the Employee's annualized Base Pay of Record increases during the Plan Year such that it exceeds the Threshold Amount, then the Employee shall be eligible for the allocation specified in subsection (b) as of the first payroll period for which the Employee's annualized Base Pay of Record exceeds the

Threshold Amount (or, if later, as of the date the Employee's participation in the Plan commences pursuant to Section 3.1). If the Employee's annualized Base Pay of Record decreases during the Plan Year such that it no longer exceeds the Threshold Amount, then the Employee shall cease to be eligible for the allocation specified in subsection (b) as of the first payroll period for which the Employee's annualized Base Pay of Record falls below the Threshold Amount.

(2) An Employee:

- (A) Who is eligible to participate in the Savings Plan and the Retirement Plan for the Plan Year, and
- (B) The sum of whose annualized Base Pay of Record as of May 1 of the Plan Year and Annual Bonus awarded during the Plan Year, less any portion of such Annual Bonus deferred under the Deferred Compensation Plan, exceeds the Secondary Threshold Amount applicable to the Employee for the Plan Year.

Whether an Employee meets the requirements of this paragraph (2) shall be determined as of May 1st of each Plan Year by the Company. An Employee who meets such requirements shall be eligible for the allocation specified in subsection (b) beginning as of May 1st of the Plan Year (or with respect to a newly eligible Employee, once the Employee's participation in the Plan has commenced pursuant to Section 3.1). Until such determination is made during the Plan Year (and, with respect to a newly eligible Employee, the Employee's participation in the Plan has commenced pursuant to Section 3.1), an Employee shall not be treated as actively participating in this Plan with respect to a Plan Year by reason of this paragraph (2) and, unless otherwise eligible under paragraph (1), shall not be entitled to the allocations specified in subsection (b) for the Plan Year.

(3) An individual who is an LTD Participant for the Plan Year.

(b) **Allocation Amount.**

- (1) **Contingent Credit.** A credit shall be made as of the last day of each month to a contingent account maintained for each Participant described in subsection (a). The amount of the credit is set forth below. For avoidance of doubt, references below to the "Annual Bonus paid" refer only to the portion of an Employee's Annual Bonus that is actually paid to the Employee and not deferred under the Deferred Compensation Plan.

The amount of the credit shall equal the sum of:

- (i) 7 percent of Base Pay of Record and Annual Bonus paid for the calendar month below the Wage Base; plus
 - (ii) 12 percent of Base Pay of Record and Annual Bonus paid for the calendar month above the Wage Base.
- (2) **Reduction Amount.** The amounts contingently credited to the account maintained for the Participant during the Plan Year under paragraph (1) shall be reduced as of the last day of the Plan Year, but not below zero, by the amount determined under this paragraph. The reduction amount is intended to be equal to the Employee's allocation under the Retirement Plan for the Plan Year assuming that the Employee maximized deferrals under the Savings Plan. After the reduction described in this paragraph, the remaining amount shall be permanently credited to the account maintained for the Participant.
- (A) No reduction shall apply to the account maintained for any Participant, including an LTD Participant, who is not an Employee on the last day of the Plan Year.
 - (B) The reduction amount for other Participants shall be equal to the dollar limit in effect for the Plan Year under Code section 415(c)(1)(A) minus any Retirement Plan allocations to date, minus the sum of the following:
 - (i) Effective beginning on or after January 1, 2007,
 - (I) the Contribution Percentage Limit for the Plan Year, determined under Appendix E of the Savings Plan (or any successor provision) times the Participant's Base Pay Paid and 6 percent of the Annual Bonus Paid for the Plan Year, and
 - (II) 6 percent times the sum of the Participant's Base Pay Paid and Annual Bonus Paid for the Plan Year;
 - (ii) For the period between January 1, 2005 and December 31, 2006:
 - (I) The Plan Limit for the Plan Year, determined under Appendix II of the Savings Plan (or any successor provision), times the Participant's Base Pay Paid, and
 - (II) 6 percent times the Participant's Base Pay Paid for the Plan Year.

For purposes of determining the reduction under this subparagraph, no portion of the sum of the Participant's Base Pay Paid and Annual

Bonus Paid for the Plan Year in excess of the amount specified in Code section 401(a)(17) in effect for the Plan Year shall be taken into account. The reduction amount shall not be less than zero.

- (3) **Earnings Allocation.** The Employer shall also permanently credit earnings on the monthly allocations under paragraph (1) for the Plan Year as if such allocations shared in earnings at the rate and in the manner described in section 4.4. The earning allocation under this paragraph shall not be subject to reduction under paragraph (2).

4.2 Allocations Relating to Compensation Limit

- (a) **Eligibility for Allocations Relating to Limits Under Code section 401(a)(17).** An Employee who is eligible to participate in the Savings Plan for the Plan Year and whose Base Pay Paid plus Annual Bonus Paid for the Plan Year exceeds the amount specified in Code section 401(a)(17) as adjusted and in effect for the Plan Year shall be provided the allocation for the Plan Year specified in subsection (b).
- (b) **Allocation Amount.** The amount to be allocated as of the last day of the Plan Year under this Plan with respect to a Participant described in subsection (a) above for the Plan Year shall equal the sum of:
- (1) 7 percent of the Employee's Base Pay Paid plus Annual Bonus Paid in excess of the amount specified in Code section 401(a)(17) as adjusted and in effect for the Plan Year; and
 - (2) 5 percent of the amount allocated under paragraph (1) which shall be allocated to the account maintained for the Participant in lieu of interest on such amount for the Plan Year.

4.3 Allocations Relating to the Deferred Compensation Plan

(a) Retirement Plan

- (1) **Eligibility.** The following Employees who become Participants shall be provided the allocation for the Plan Year specified in subsection (2): An Employee:
- (A) Who is a participant in the Retirement Plan and eligible to participate in the Deferred Compensation Plan, and
 - (B) Who makes a deferral election under the Deferred Compensation Plan for the Plan Year.

However, notwithstanding anything to the contrary, an Employee of Phibro LLC and its affiliates is not eligible to receive an allocation for the Plan Year specified in paragraph (2).

- (2) **Allocation Amount.** The amount to be allocated in a Plan Year with respect to a Participant described in paragraph (1) shall equal the Participant's applicable percentage multiplied by the amount of Annual Bonus the Participant has deferred under the Deferred Compensation Plan. Notwithstanding the preceding sentence, no allocation shall be made to the account of a Participant who is not an Employee on the date such bonus is awarded.

For purposes of this subsection, the term "applicable percentage" shall mean 12 percent. The allocation described in this section shall be made to the account of each Participant effective as of the date on which the Participant is awarded his Annual Bonus.

(b) **Savings Plan**

- (1) An Employee who is eligible to participate in the Savings Plan and makes a deferral election under the Deferred Compensation Plan for the Plan Year shall be provided the allocation for the Plan Year specified in paragraph (2). However, notwithstanding anything to the contrary, an Employee of New Eastport Services, LLC and its affiliates is not eligible to receive an allocation for the Plan Year specified in paragraph (2).
- (2) The amount to be allocated for a Plan Year with respect to a Participant described in paragraph (1) shall equal the amount by which the contribution that would otherwise have been made by the Company or other Employer on behalf of the Participant to the Savings Plan for such Plan Year is reduced by reason of the reduction in the Participant's Base Pay of Record for such Plan Year and/or the Participant's Annual Bonus Paid in such Plan Year because of deferrals under the Deferred Compensation Plan, assuming that the Participant's contribution percentage under the Savings Plan for the Plan Year is 7 percent. The allocation described in this Sections 4.3(a)(2) or 4.3(b)(2) shall be made to the account of a Participant at the same time as the employer contribution for such Plan Year is made to the Savings Plan. No allocations shall be made to Participants' accounts under this Section 4.3(b)(2) prior to January 1, 2009.

4.4 Maintenance of Accounts

- (a) Each Employer shall establish and maintain, in the name of each Participant employed by that Employer, an individual account which shall consist of all amounts

credited to the Participant. As of the end of each month, the Administrative Committee shall increase the balance, if any, of the Participant's individual account as of the last day of the preceding month, by multiplying such amount by a number equal to one plus .167% plus the monthly yield on 5-Year Treasury Constant Maturities for the monthly processing period. Notwithstanding the foregoing, any allocation made to a Participant's account pursuant to Section 4.3(a)(2) or 4.3(b)(2) shall be credited with interest, at a rate equivalent to that set forth in the preceding sentence, from the date such allocation is made to the Participant's account.

- (b) The individual account of each Participant shall represent a liability, payable when due under this Plan, out of the general assets of the Company, or from the assets of any trust, custodial account or escrow arrangement which the Company may establish for the purpose of assuring availability of funds sufficient to pay benefits under this Plan, provided that no assets shall be transferred to a trust or other account if such transfer would result in the taxation of benefits prior to distribution under Code section 409A(b). The money and any other assets in any such trust or account shall at all times remain the property of the Company, and neither this Plan nor any Participant shall have any beneficial ownership interest in the assets thereof. No property or assets of the Company shall be pledged, encumbered, or otherwise subjected to a lien or security interest for payment of benefits hereunder. Accounting for this Plan shall be based on generally accepted accounting principles.

4.5 Vesting and Forfeiture

Notwithstanding any other Plan provision, all benefits under this Plan shall be contingent and forfeitable and no Participant shall have a vested interest in any benefit unless, while he is still employed by an Employer, he becomes fully vested in his benefit under the Retirement Plan (or would have become vested if he were a participant in the Retirement Plan). A person who terminates employment with an Employer for any reason prior to becoming vested hereunder shall not receive a benefit, provided that, upon rehire by an Employer, any amounts forfeited by a Participant at the time of his termination of employment shall be restored, without interest, to his account and, as set forth in Section 5.8, shall be subject to the same terms and conditions relating to distribution as were applicable at the time of his prior termination of employment.

Article 5. Payments

5.1 Timing and Form of Payments

- (a) **Payment Events.** A Participant's vested account under this Plan shall be paid on the earliest to occur of the following payment events:
 - (1) The Participant's attainment of a specified age elected by the Participant that is age 60 or above;

- (2) The Participant's Separation from Service; or
- (3) The Participant's death.

(b) Timing and Form.

- (1) **Attainment of Specified Age.** If payment is made on account of a Participant's attainment of a specified age (60 or above), payment shall be made to the Participant in a single lump sum within the first 90 days of the calendar year following the calendar year in which the Participant reaches the specified age. In addition, within the first 70 days of each subsequent calendar year, the Participant shall be paid any additional amounts credited to the Participant's account since the prior payment date.
- (2) **Separation from Service.**
 - (A) If payment is made on account of the Participant's Separation from Service, payment shall be made or commence within the first 90 days of the calendar year following the calendar year in which the Participant's Separation from Service occurs. Notwithstanding the foregoing, in the case of a Participant who is a Specified Employee, payment shall be made or commence in the month next following the date that is six (6) months after the date of the Participant's Separation from Service, if later than the time provided above.
 - (B) Payment shall be made in a single lump sum or in annual installments over 5, 10, 15, or 20 years, as elected by the Participant. If the Participant elects to have payment made in annual installments, the installments shall be paid within the first 90 days of each calendar year during the installment period (except that the first installment may be delayed in the case of a Specified Employee as provided above). During the installment period, the Participant's account shall continue to be adjusted as provided in Section 4.4(a) until the installments have been completed. The amount of each annual installment shall equal the amount credited to the Participant's account as of the last day of the month preceding the date of payment multiplied by a fraction, the numerator of which is one (1), and the denominator of which is the number of installments (including the current installment) which remain to be paid.
 - (C) If a Participant who is receiving installment payments on account of his Separation from Service has also made a specified age election and attains the specified age before the completion of all installments, the remaining installments shall be paid to him at the scheduled time or times without regard to his attainment of such age.

(3) **Death.** If payment is made on account of the Participant's death, payment shall be made to the Participant's Beneficiary in a single lump sum 120 days following the date of the Participant's death.

(c) **Valuation of Benefits.** The amount of any payment to a Participant under this Article shall be determined based on the value of the Participant's vested account as of the last day of the month preceding the date of payment.

5.2 Payment Elections and Changes

(a) Payment Elections.

- (1) An Employee who becomes a Participant on or after November 1, 2008 shall make the elections provided for in Section 5.1 (i.e., an election to have payment made at a specified age (60 or above) prior to Separation from Service and/or an election as to form of payment upon Separation from Service) within 30 days after date the Employee first meets one or more of the requirements for participation set forth in Section 3.1. Notwithstanding the foregoing, an Employee who participates or is eligible to participate in the THUMS Long Beach Company Savings and Investment Plan or the THUMS Long Beach Company Pension Plan at any time in 2008 and becomes a Participant on January 1, 2009 shall make such elections by December 31, 2008. An Employee who is employed by Tidelands Oil Production Company on December 31, 2010 and is scheduled to become a Participant on January 1, 2011 shall make such elections by December 31, 2010.
- (2) An Employee who became a Participant before November 1, 2008 shall be permitted to make a transition election as set forth in Section 5.9. If the Employee does not make a transition election with respect to form of payment upon Separation from Service and had previously made an election to have payment upon Separation from Service made in a lump sum or in annual installments over 5, 10, 15 or 20 years, payment on account of the Participant's Separation from Service shall be made in accordance with the rules set forth in Section 5.1(b)(2) in the form previously elected by the Participant. For this purpose, if the Participant had different payment elections in effect for his account under this Plan and his account under the Supplemental Retirement Plan prior to November 1, 2008, or had an election in effect under one plan but not the other, the accounts shall continue to be maintained separately and these provisions shall be applied separately to each account.
- (3) If a Participant does not elect to have payment made at a specified age, payment shall be made on the earlier of the Participant's Separation from Service or death in accordance with Section 5.1(b)(2) or (3), as applicable. If a Participant does not elect an installment payment option for payment on account of a Separation from Service, any payment on account of the

Participant's Separation from Service shall be made in a single lump sum at the time provided in Section 5.1(b)(2).

(b) **Changes in Time or Form of Payment.** A Participant may elect to change the time or form of payment of his account in accordance with the rules set forth below. For purposes of these rules, an election to receive distribution in a series of annual installments shall be treated as a single payment.

(1) **Permitted Changes.**

(A) A Participant who has elected payment at a specified age may elect another specified age that is age 65 or above, subject to the limitations of paragraph (2).

(B) A Participant may elect to change the form of payment upon Separation from Service.

(2) **Requirements.** Any election by a Participant under this subsection shall meet the following requirements:

(A) The election shall not be effective until at least 12 months after the election is filed with the Administrative Committee;

(B) The election must defer payment (or payment of the initial installment, if applicable) for a period of at least five years from the date that payment (or payment of the initial installment, if applicable) would otherwise have been made; and

(C) The election must be made at least 12 months prior to the beginning of the calendar year in which payment (or payment of the initial installment, if applicable) is otherwise scheduled to be made.

(3) A Participant may make only two changes pursuant to this Section 5.2(b). Each such change must satisfy all of the requirements of Section 5.2(b)(2). No further changes may be made following a Participant's Separation from Service.

(c) **Procedures.** All payment elections under this Plan shall be made in accordance with the provisions of this Plan and the rules and procedures established by the Administrative Committee for the time and manner of making elections.

5.3 Special Rules for LTD Participants.

(a) **Payment Events.** An LTD Participant's vested account shall be paid on the earliest to occur of the following payment events:

- (1) The Participant's attainment of age 65 or any earlier age elected by the Participant that is at least age 60; or
- (2) The Participant's death.

(b) Timing and Form.

- (1) **Attainment of Specified Age (60-64).** If payment is made on account of a Participant's attainment of a specified age elected by the Participant (between 60 and 64), payment shall be made to the Participant in a single lump sum within the first 90 days of the calendar year following the calendar year in which the Participant reaches the specified age. In addition, within the first 70 days of each subsequent calendar year, the Participant shall be paid any additional amounts credited to the Participant's account since the prior payment date.
- (2) **Attainment of Age 65.** If payment is made on account of the Participant's attainment of age 65, payment shall be made or commence within the first 90 days of the calendar year following the calendar year in which the Participant reaches age 65. Payment shall be made in a single lump sum or in annual installments over 5, 10, 15, or 20 years, as elected by the LTD Participant. If the Participant elects to have payment made in annual installments, the installments shall be calculated and paid as set forth in Section 5.1(b)(2)(B).
- (3) **Death.** Payment on account of the LTD Participant's death shall be made as provided in Section 5.1(b)(3).

(c) Elections.

- (1) An LTD Participant shall be permitted to make a transition election as set forth in Section 5.9. If an LTD Participant does not make a transition election and had previously made an election under the prior provisions of the Plan to have payment made in a lump sum or in annual installments over 5, 10, 15 or 20 years, payment on account of the LTD Participant's attainment of age 65 shall be made in the form previously elected by the Participant. If the LTD Participant had different payment elections in effect for his account under this Plan and his account under the Supplemental Retirement Plan prior to November 1, 2008, or had an election in effect under one plan but not the other, the accounts shall continue to be maintained separately and these provisions shall be applied separately to each account.
- (2) If an LTD Participant does not elect to have payment made at a specified age between 60 and 64, payment shall be made on the earlier of the LTD Participant's attainment of age 65 or death in accordance with Section 5.3(b)(2) or (3), as applicable. If an LTD Participant does not elect an installment payment option for payment on account of attainment of age 65, any payment

on account of the Participant's attainment of age 65 shall be made in a single lump sum at the time provided in Section 5.3(b)(2).

5.4 Death

If a Participant dies before the complete distribution of his account, the account or remaining account shall be paid to the Participant's Beneficiary in a single lump sum 120 days following the date of the Participant's death.

5.5 Small Benefits

Notwithstanding any election by a Participant to receive payment of any account maintained for the Participant under the Plan in an installment payment form, if the value of such account is less than \$50,000 at the time payment in such form is scheduled to commence, the account shall be paid to the Participant in a single lump sum on the scheduled commencement date.

5.6 Qualified Divorce Orders

Subject to the policies and procedures established by the Administrative Committee under Section 9.3(b), payment may be made from the balance of a Participant's vested account to the extent necessary to fulfill a Qualified Divorce Order.

5.7 Tax Withholding

- (a) To the extent required by law in effect at the time payments are made, the Participant's Employer shall withhold from payments made hereunder the taxes required to be withheld by Federal, state and local law.
- (b) The Participant's Employer shall have the right at its option (1) to require a Participant to pay or provide for payment of the amount of any taxes that the Employer may be required to withhold with respect to amounts credited to the Participant's account or (2) deduct from any amount of salary, bonus or other payment otherwise payable in cash to the Participant the amount of any taxes that the Employer may be required to withhold with respect to amounts credited to the Participant's account. In addition, as permitted by Treas. Reg. § 1.409A-3(j)(4)(vi) (or any successor provision), payments may be made under the Plan to pay any Federal Insurance Contributions Act (FICA) tax imposed under Code sections 3101 and 3121(v) (2) on the Participant's account, and to pay any income tax imposed under Code section 3401 (*i.e.*, wage withholding) or the corresponding withholding provisions of applicable state or local law as a result of payment of the FICA amount, as well as to pay the additional income tax attributable to the pyramiding wages and taxes. The total payment may not exceed the aggregate FICA tax amount and the income tax withholding related to such FICA tax amount.

5.8 Reemployment

- (a) **Continued distribution of account.** If a Participant who is receiving payment on account of his Separation from Service is reemployed by an Employer or Affiliate prior to the complete distribution of his account, the account or remaining account shall be paid to the Participant at the scheduled time or times without regard to the Participant's reemployment.
- (b) **New account.** If a terminated Participant is reemployed by an Employer and resumes active participation in the Plan pursuant to Section 3.2, a new account shall be established for such Participant to which allocations relating to the period following the Participant's reemployment (and any unvested amounts forfeited from the Participant's account at the time of his first termination) shall be credited. Such new account, to the extent vested, shall be paid in accordance with the provisions of this Plan and the Participant's most recent payment election, if any, prior to his first termination. For this purpose, the following rules shall apply:
- (1) If the Participant had previously elected (including pursuant to Section 5.9(b)(1)) to have payment made at a specified age (60 or above) prior to Separation from Service or death and has reached such specified age at the time of his reemployment, the Participant shall be paid, within the first 70 days of each calendar year following the calendar year containing his reemployment date, the amount credited to his account as of the last day of the month preceding the date of payment.
 - (2) Any election made as a terminated Participant pursuant to Section 5.9(b)(2) or (3) shall not be taken into account for purposes of this provision. Instead, if the Participant had, prior to such transition election, made an election under this Plan to have payment upon termination made in a lump sum or in annual installments over 5, 10, 15 or 20 years, payment on account of the Participant's subsequent Separation from Service shall be made in accordance with the rules set forth in Section 5.1(b)(2) in the form previously elected by the Participant.
 - (3) If the Participant has no prior election taken into account under the foregoing provisions, payment shall be made in a single lump sum in accordance with the rules set forth in Section 5.1(b)(2) upon the Participant's subsequent Separation from Service.

5.9 Special Transition Rule Elections

- (a) **2005 Transition Elections.** Any Employee who was a Participant during the 2005 Plan Year was permitted to make an election with respect to the time and form of payment of the account maintained for the Participant upon the earlier of the Participant's Separation from Service or the 60th day after the adoption of the Plan by the Board, but in no event later than December 31, 2005.

(b) **2008 Transition Elections.** Participants shall be permitted to make the additional transition elections described below in 2008. The period for making such elections (the “transition election period”) shall be determined by the Administrative Committee, provided that all such elections must be made by and shall become irrevocable as of December 31, 2008. All payments to Participants pursuant to this Section 5.9 shall be subject to the rules set forth in Sections 5.4 through 5.7 and Section 5.10.

(1) **Active Participants.**

- (A) Each Participant who has not separated from service before the end of the transition election period may make any payment election available under Section 5.1 (i.e., an election to have payment made at a specified age (60 or above) prior to Separation from Service and/or an election as to form of payment upon Separation from Service). Payment pursuant to any such election shall be made as provided in Section 5.1.
- (B) To the extent a Participant does not make the available elections pursuant to this provision, payment of the Participant’s account shall be made as set forth in Sections 5.2(a)(2) and (3).
- (C) Notwithstanding the foregoing, in the case of any Participant previously covered by Appendix A of the Supplemental Retirement Plan who made the election described in Appendix A to have payment made or commence upon attainment of a specified age between 55 and 70-1/2, if the Participant does not make a transition election under this Section 5.9(b)(1) to have payment made at a new specified age, then payment to the Participant shall be made or commence within the first 90 days of the calendar year following the later of (A) the Participant’s Separation from Service and (B) the Participant’s attainment of the specified age previously elected by the Participant, provided that, if the Participant is a Specified Employee and payment is made on account of the Participant’s Separation from Service, payment shall be made or commence in the month next following the date that is six (6) months after the date of the Participant’s Separation from Service, if later than the time provided above. Payment shall be made in the form (i.e., lump sum or installments over 5, 10, 15 or 20 years) elected by the Participant under this Section 5.9(b)(1) or, if the Participant does not make a transition election, the form previously elected by the Participant under Appendix A of the Supplemental Retirement Plan, or, if none, in a lump sum.

(2) **Terminated Participants.**

- (A) Each Participant who has a Separation from Service before the end of the transition election period may elect to have his account or remaining account paid in a single lump sum in March 2009, provided, that a Participant who is a Specified Employee shall receive such distribution in the month next following the date that is six (6) months after the date of the Participant's Separation from Service, if later than the time provided above.
- (B) If a Participant does not make an election pursuant to this provision:
 - (I) If installment payments to the Participant have already commenced, the Participant's remaining account shall be paid over the remaining number of installments in accordance with the rules set forth in Section 5.1(b)(2)(B).
 - (II) If payment to the Participant has not commenced, payment shall be made in accordance with the rules set forth in Section 5.1(b)(2). If the Participant has previously made a payment election as to form of payment upon Separation from Service (i.e., a lump sum or installments over 5, 10, 15 or 20 years), payment shall be made in the form previously elected.

(3) **Exhibit A and B Participants.**

- (A) Any Participant identified in Exhibit A as "Active" may make the payment elections available to other active Participants as described above.
- (B) Any Participant identified in Exhibit A or B as "Retired with account balance" may make the election available to other terminated Participants as described above.
- (C) If a Participant listed in Exhibit A or B does not make an election pursuant to this provision:
 - (I) If installment payments to the Participant have already commenced, the Participant's remaining account shall be paid over the remaining number of installments in accordance with the rules set forth in Section 5.1(b)(2)(B).
 - (II) If payment to the Participant has not commenced, payment of the Participant's Account shall be made or commence within the first 90 days of the year indicated on Exhibit A or B, as applicable. Payment shall be made in the form previously elected by the Participant (i.e., in a lump sum or installments

over 5, 10, 15 or 20 years) or, if the Participant has not previously made a payment election, in a single lump sum.

(4) **LTD Participants.**

(A) Each LTD Participant may make any payment election available under Section 5.3 (i.e., an election to have payment made at a specified age (between 60 and 64) prior to Separation from Service and/or an election as to form of payment upon attainment of age 65). Payment pursuant to any such election shall be made as provided in Section 5.3.

(B) To the extent an LTD Participant does not make the available elections pursuant to this provision, payment of the Participant's account shall be made as set forth in Section 5.3.

(5) **Maintenance of Separate Accounts.** If a Participant does not make a transition election under the foregoing provisions (so that prior elections continue to apply) and had different payment elections in effect under for his account under this Plan and his account under the Supplemental Retirement Plan prior to November 1, 2008, or had an election in effect under one plan but not the other, the accounts shall continue to be maintained separately and the above provisions shall be applied separately to each account.

5.10 Compliance with Code Section 409A

Notwithstanding anything herein to the contrary, any amount that would have been paid in 2008 under the prior provisions of the Plan shall be paid by December 31, 2008. No amount shall be paid in 2008 under the provisions of this restatement that would not have been paid in 2008 under the prior provisions of the Plan.

Article 6. Administration

6.1 The Administrative Committee

The Plan shall be administered by an Administrative Committee. The Administrative Committee shall be composed of three or more members, who shall be appointed by the Board and shall hold office at the discretion of the Board. Such members may, but need not, be Employees of the Company.

Any member of the Administrative Committee may resign by delivering his written resignation to the Board and to the Administrative Committee Secretary. Such resignation shall be effective no earlier than the date of the written notice.

6.2 Compensation and Expenses

The members of the Administrative Committee who are Employees shall serve without compensation for services as a member. All expenses of the Administrative Committee shall be paid directly by the Company. Such expenses may include any expenses incident to the

functioning of the Administrative Committee, including, but not limited to, fees of the Plan's accountants, outside counsel and other specialists and other costs of administering the Plan.

6.3 Manner of Action

A majority of the members of the Administrative Committee at the time in office shall constitute a quorum for the transaction of business. All resolutions adopted and other actions taken by the Administrative Committee at any meeting shall be by the vote of a majority of those present at any such meeting. The Administrative Committee may take action without a meeting if a majority of the members at the time in office give written consent.

6.4 Chairman, Secretary, and Employment of Specialists

The members of the Administrative Committee shall elect one of their number as Chairman and shall elect a Secretary who may, but need not, be a member. They may authorize one or more of their number or any agent to execute or deliver any instrument or instruments on their behalf, and may employ such counsel, auditors, and other specialists and such other services as they may require in carrying out the provisions of the Plan.

6.5 Subcommittees

The Administrative Committee may appoint one or more subcommittees and delegate such of its power and duties as it deems desirable to any such subcommittee, in which case every reference herein made to the Administrative Committee shall be deemed to mean or include the subcommittees as to matters within their jurisdiction. The members of any such subcommittee shall consist of such officers or other employees of the Company and such other persons as the Administrative Committee may appoint.

6.6 Other Agents

The Administrative Committee may also appoint one or more persons or agents to aid it in carrying out its duties as a fiduciary, and delegate such of its powers and duties as it deems desirable to such person or agents.

6.7 Records

All resolutions, proceedings, acts, and determinations of each Committee shall be recorded by the Secretary thereof or under his supervision, and all such records, together with such documents and instruments as may be necessary for the administration of the Plan, shall be preserved in the custody of the Secretary.

6.8 Rules

Subject to the limitations contained in the Plan, the Administrative Committee shall be empowered from time to time in its discretion to adopt by-laws and establish rules for the conduct of its affairs and the exercise of the duties imposed upon it under the Plan.

6.9 Powers and Duties

The Administrative Committee shall have responsibility for the general administration of the Plan and for carrying out its provisions. The Administrative Committee shall have such

powers and duties as may be necessary to discharge its functions hereunder, including, but not limited to, the following:

- (a) To construe and interpret the Plan, to supply all omissions from, correct deficiencies in and resolve ambiguities in the language of the Plan;
- (b) To decide all questions of eligibility, to determine the right of any person to an allocation and the amount thereof, and to determine the manner and time of payment of any benefits hereunder, all in accordance with the Plan;
- (c) To obtain from the Employees such information as shall be necessary for the proper administration of the Plan and, when appropriate, to furnish such information promptly to other persons entitled thereto;
- (d) To prepare and distribute, in such manner as the Company determines to be appropriate, information explaining the Plan; and
- (e) To establish and maintain such accounts in the name of each Participant as are necessary.

In administering the Plan, the Administrative Committee shall exercise its powers in a manner designed to ensure that the Plan complies with the requirements of Code section 409A, to the extent applicable.

6.10 Decisions Conclusive

The Administrative Committee shall exercise its powers hereunder in a uniform and nondiscriminatory manner. Any and all disputes with respect to the Plan which may arise involving Participants or their Beneficiaries shall be referred to the Administrative Committee and its decision shall be final, conclusive, and binding. Furthermore, if any question arises as to the meaning, interpretation, or application of any provision hereof, the decision of the Administrative Committee with respect thereto shall be final.

6.11 Fiduciaries

The fiduciaries named in this Article shall have only those specific powers, duties, responsibilities, and obligations as are specifically given them under this Plan. The Company shall have the sole authority to amend or terminate, in whole or in part, this Plan. The Administrative Committee shall be a fiduciary under the Plan and shall have the sole responsibility for the administration of this Plan. The officers and Employees of the Company shall have the responsibility of implementing the Plan and carrying out its provisions as the Administrative Committee shall direct. A fiduciary may rely upon any direction, information, or action of another fiduciary as being proper under this Plan, and is not required under this Plan to inquire into the propriety of any such direction, information, or action. It is intended under this Plan that each fiduciary shall be responsible for the proper exercise of his own powers, duties, responsibilities, and obligations under this Plan and shall not be responsible for any act or failure to act of another fiduciary. No fiduciary guarantees

in any manner the payment of benefits from this Plan. Any party may serve in more than one fiduciary capacity with respect to the Plan.

6.12 Notice of Address

Each person entitled to benefits from the Plan must file with the Administrative Committee or its agent, in writing, his mailing address and each change of his mailing address. Any communication, statement, or notice addressed to such a person at his latest reported mailing address will be binding upon him for all purposes of the Plan, and neither the Administrative Committee nor the Company shall be obliged to search for or ascertain his whereabouts.

6.13 Data

All persons entitled to benefits from the Plan must furnish to the Administrative Committee such documents, evidence, or information, including information concerning marital status, as the Administrative Committee considers necessary or desirable for the purpose of administering the Plan. It shall be an express condition of the Plan that each such person must furnish such information and sign such documents as the Administrative Committee may require before any benefits become payable from the Plan, provided that payment shall in all cases be made by the time required by Code section 409A. The Administrative Committee shall be entitled to distribute to a non-spouse Beneficiary in reliance upon the signed statement of the Participant that he is unmarried without any further liability to a spouse if such statement is false.

6.14 Adjustments

Subject to the requirements of Code section 409A, the Administrative Committee may adjust benefits under the Plan or make such other adjustments with respect to a Participant or Beneficiary as are required to correct administrative errors or provide uniform treatment in a manner consistent with the intent and purposes of the Plan.

6.15 Member's Own Participation

No member of the Administrative Committee may act, vote or otherwise influence a decision specifically relating to his own participation under the Plan.

6.16 Indemnification

- (a) To the extent permitted by the Company's bylaws and applicable law, the Company shall indemnify and hold harmless each of the following persons ("**Indemnified Persons**") under the terms and conditions of this section:
- (1) The Administrative Committee and each of its members, which, for purposes of this section, includes any Employee to whom the Administrative Committee has delegated fiduciary or other duties.
 - (2) The Board and each member of the Board and any Employer who has responsibility (whether by delegation from another person, an allocation of

responsibilities under the terms of this Plan document, or otherwise) for a fiduciary duty, a nonfiduciary settlor function (such as deciding whether to approve a plan amendment), or a nonfiduciary administrative task relating to the Plan.

- (b) The Company shall indemnify and hold harmless each Indemnified Person against any and all claims, losses, damages, and expenses, including reasonable attorney's fees and court costs, incurred by that person on account of his or her good faith actions or failures to act with respect to his or her responsibilities relating to the Plan. The Company's indemnification shall include payment of any amounts due under a settlement of any lawsuit or investigation, but only if the Company agrees to the settlement.
- (1) An Indemnified Person shall be indemnified under this section only if he or she notifies an Appropriate Person at the Company of any claim asserted against or any investigation of the Indemnified Person that relates to the Indemnified Person's responsibilities with respect to the Plan.
- (A) A person is an "**Appropriate Person**" to receive notice of the claim or investigation if a reasonable person would believe that the person notified would initiate action to protect the interests of the Company in response to the Indemnified Person's notice.
- (B) The notice may be provided orally or in writing. The notice must be provided to the Appropriate Person promptly after the Indemnified Person becomes aware of the claim or investigation. No indemnification shall be provided under this section to the extent that the Company is materially prejudiced by the unreasonable delay of the Indemnified Person in notifying an Appropriate Person of the claim or investigation.
- (2) An Indemnified Person shall be indemnified under this section with respect to attorney's fees, court costs or other litigation expenses or any settlement of such litigation only if the Indemnified Person agrees to permit the Company to select counsel and to conduct the defense of the lawsuit.
- (3) No Indemnified Person shall be indemnified under this section with respect to any action or failure to act that is judicially determined to constitute or be attributable to the willful misconduct of the Indemnified Person.
- (4) Payments of any indemnity under this section shall be made only from insurance or other assets of the Company. The provisions of this section shall not preclude such further indemnities as may be available under insurance purchased by the Company or as may be provided by the Company under any by-law, agreement or otherwise, provided that no expense shall be

indemnified under this section that is otherwise indemnified by the Company or by an insurance contract purchased by the Company.

- (5) Payment of any indemnity under this section that is not exempt from Code section 409A shall comply with Code section 409A's requirements for reimbursement plans, as set forth in Treas. Reg. § 1.409A-3(i)(1)(iv) (or any successor provision). For this purpose, (i) the indemnity under this section shall continue for the Indemnified Person's lifetime, and, if later, until the complete disposition of all covered claims, (ii) the amount of expenses indemnified during one taxable year of an Indemnified Person shall not affect the amount of expenses indemnified in any other taxable year; (iii) payment of an indemnity shall be made by the last day of the Indemnified Person's taxable year following the taxable year in which the expense was incurred and (iv) the Indemnified Person's right to indemnification shall not be subject to liquidation or exchange for any other benefit. If, after payment of any amount to the Indemnified Person pursuant to this provision, it is determined, pursuant to paragraph (3) above or otherwise, that the Indemnified Person is not entitled to indemnification, the Indemnified Person shall promptly repay such amount to the Company.

Article 7. Amendment and Termination

7.1 Amendment and Termination

The Company expects the Plan to be permanent, but since future conditions affecting the Company or any Employer cannot be anticipated or foreseen, the Company must necessarily and does hereby reserve the right to amend, modify, or terminate the Plan at any time by action of the Board, except that no amendment shall reduce the dollar amount permanently credited to a Participant's account and any such termination or amendment shall apply uniformly to all Participants. The Administrative Committee, in its discretion, may amend the Plan if it finds that such amendment does not significantly increase or decrease benefits or costs. Notwithstanding the foregoing, the Board or the Administrative Committee may amend the Plan to:

- (a) Ensure that this Plan complies with the requirements of Code section 409A for deferral of taxation on compensation deferred hereunder until the time of distribution; and
- (b) Add provisions for changes to elections as to time and manner of distributions and other changes that comply with the requirements of Code section 409A for the deferral of taxation on deferred compensation until the time of distribution.

7.2 Payments Upon Termination

If the Plan is terminated, distributions to Participants and Beneficiaries shall be made on the dates on which such distributions would be made under the Plan without regard to such termination, except that payments may, in the discretion of the Board, be accelerated if:

- (a) Accelerated payment is permitted under Treas. Reg. § 1.409A-3(j)(4)(ix) (or any successor provision); or
- (b) The Plan is terminated because Participants have become subject to tax on their deferrals due to the Plan's failure to satisfy the requirements of Code section 409A. Payment to a Participant may not exceed the amount required to be included in income as a result of such failure.

7.3 Reorganization of Employer

In the event of a merger or consolidation of an Employer, or the transfer of substantially all of the assets of an Employer to another corporation, such continuing, resulting or transferee corporation shall have the right to continue and carry on the Plan and to assume all liabilities of the Employer hereunder without obtaining the consent of any Participant or Beneficiary. If such successor shall assume the liabilities of the Employer hereunder, then the Employer shall be relieved of all such liability, and no Participant or Beneficiary shall have the right to assert any claim against the Employer for benefits under or in connection with the Plan.

Article 8. Claims and Appeals Procedures

8.1 Application for Benefits

All applications for benefits under the Plan shall be submitted to: Occidental Petroleum Corporation, Attention: Administrative Committee, 10889 Wilshire Blvd., Los Angeles, CA 90024. Applications for benefits must be in writing on the forms prescribed by the Administrative Committee and must be signed by the Participant, Beneficiary, spouse, Alternate Payee, or other person claiming benefits under this Plan (each of which may be "**Claimant**").

8.2 Claims Procedure for Benefits

- (a) If a Claimant believes he is entitled to a benefit, or a benefit different from the one received, then the Claimant may file a claim for the benefit by writing a letter to the Administrative Committee or its authorized delegate. Any such claim must be made no later than the time prescribed by Treas. Reg. § 1.409A-3(g) (or any successor provision).
- (b) Within a reasonable period of time, but not later than 90 days after receipt of a claim for benefits, the Administrative Committee or its delegate shall notify the Claimant of any adverse benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 90 days from the end of the initial 90-day period. If an extension is necessary, the Administrative Committee or its delegate shall provide the Claimant with a

written notice to this effect prior to the expiration of the initial 90-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Administrative Committee or its delegate expects to render a determination on the claim.

- (c) In the case of an adverse benefit determination, the Administrative Committee or its delegate shall provide to the Claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant:
- (1) The specific reason or reasons for the adverse benefit determination;
 - (2) Reference to the specific Plan provisions on which the adverse benefit determination is based;
 - (3) A description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why the material or information is necessary; and
 - (4) A description of the Plan's claim review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with section 8.3.
- (d) Within 60 days after receipt by the Claimant of notification of the adverse benefit determination, the Claimant or his duly authorized representative, upon written application to the Administrative Committee, may request that the Administrative Committee fully and fairly review the adverse benefit determination. On review of an adverse benefit determination, upon request and free of charge, the Claimant shall have reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits. The Claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The Administrative Committee's (or delegate's) review shall take into account all comments, documents, records, and other information submitted regardless of whether the information was previously considered in the initial adverse benefit determination.
- (e) Within a reasonable period of time, but not later than 60 days after receipt of such request for review, the Administrative Committee or its delegate shall notify the Claimant of any final benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 60 days from the end of the initial 60-day period. If an extension is necessary, the Administrative Committee or its delegate shall provide the Claimant with a written notice to this effect prior to the expiration of the initial 60-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Administrative Committee or its delegate expects to render a final

determination on the request for review. In the case of an adverse final benefit determination, the Administrative Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the Claimant:

- (1) The specific reason or reasons for the adverse final benefit determination;
 - (2) Reference to the specific Plan provisions on which the adverse final benefit determination is based;
 - (3) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits; and
 - (4) A statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with section 8.3.
- (f) If a Claimant's claim or appeal is approved, any resulting payment of benefits will be made no later than the time prescribed for payment of benefits by Treas. Reg. § 1.409A-3(g) (or any successor provision).

8.3 Limitations on Actions

All decisions made under the procedure set out in this Article shall be final and there shall be no further right of appeal. No person may initiate a lawsuit before fully exhausting the claims procedures set out in this Article, including appeal. To provide for an expeditious resolution of any dispute concerning a claim for benefits that has been denied and to ensure that all evidence pertinent to such claim is available, no lawsuit may be brought contesting a denial of benefits more than the later of:

- (a) 180 days after receiving the written response of the Administrative Committee to an appeal; or
- (b) 365 days after an applicant's original application for benefits.

Article 9. General Provisions

9.1 Unsecured General Creditor

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

9.2 Trust Fund

The Company shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Company may establish one or more trusts, with such trustees as the Board or Administrative Committee may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Company. No assets shall be transferred to a trust if such transfer would result in the taxation of benefits prior to distribution under Code section 409A(b).

9.3 Nonassignability

- (a) Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amount, if any, payable hereunder, or any part thereof, or interest therein which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.
- (b) Notwithstanding subsection (a), the right to benefits payable with respect to a Participant pursuant to a Qualified Divorce Order may be created, assigned, or recognized. The Administrative Committee shall establish appropriate policies and procedures to determine whether a Divorce Order presented to the Administrative Committee constitutes a qualified Divorce Order under this Plan, and to administer distributions pursuant to the terms of Qualified Divorce Orders. In the event that a Qualified Divorce Order exists with respect to benefits payable under the Plan, such benefits otherwise payable to the Participant specified in the Qualified Divorce Order shall be payable to the Alternate Payee specified in such Qualified Divorce Order.

9.4 Release from Liability to Participant

A Participant's right to receive benefits under the Plan shall be reduced to the extent that any portion of the account maintained for the Participant has been paid or set aside for payment to an Alternate Payee pursuant to a Qualified Divorce Order. The Participant shall be deemed to have released the Company and the Plan from any claim with respect to such amounts in any case in which: (a) the Company, the Plan, or any Plan representative has been served with legal process or otherwise joined in a proceeding relating to such amounts; and (b) the Participant fails to obtain an order of the court in the proceeding relieving the Company and the Plan from the obligation to comply with the judgment, decree or order.

9.5 Employment Not Guaranteed

Nothing contained in this Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to be retained in employment with the Company or any Employer. Accordingly, subject to the terms of any written employment agreement to the contrary, the Company and Employer shall have the right to terminate or change the terms of employment of a Participant at any time and for any reason whatsoever, with or without cause.

9.6 Gender, Singular & Plural

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

9.7 Captions

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

9.8 Validity

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

9.9 Notice

Any notice or filing required or permitted to be given to the Administrative Committee under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company. Such notice shall be deemed given as to the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

9.10 Applicable Law

The Plan shall be governed by and construed in accordance with Code section 409A (or any successor provision), and any regulations promulgated thereunder, to the extent applicable, and in accordance with the laws of the State of California to the extent such laws are not preempted by ERISA.

EXHIBIT A

Participants with pre-October 4, 2004 Retainer Agreements

<u>Participant</u>	<u>Status on November 1, 2008</u>	<u>Payment Commencement Year</u> (for Participants with account balances)
Axelson, Jr., C.J.	Retired; no account balance	N/A
Doucet, M.J.	Retired with account balance	2009
Freund, M.C.	Retired; no account balance	N/A
Hull Jr., C.W.	Retired with account balance	2008
Hurst III, J.L.	Retired with account balance	2007
Leach, A.R.	Active	2010
Lorraine, R.A.	Retired with account balance	2008
Oenbring, P.R.	Retired; no account balance	N/A
Vincent, P.G.	Active	2009
Watkins, A.A.	Deceased; no account balance	N/A

EXHIBIT B

Participants with post-October 3, 2004 Retainer Agreements

<u>Participant</u>	<u>Status on November 1, 2008</u>	<u>Payment Commencement Year</u> (for Participants with account balances)
Allen, J.M.	Retired with account balance	2008
Bullock, B.J.	Retired; no account balance	N/A
LaBelle, D.E.	Retired with account balance	2009
Loving, R.P.	Retired; no account balance	N/A
Schmitt, R.H.	Retired; no account balance	N/A
Tayburn, J.W.	Retired; no account balance	N/A

**OCCIDENTAL PETROLEUM CORPORATION
MODIFIED DEFERRED COMPENSATION PLAN**

Effective December 31, 2006

Amended and Restated Effective November 1, 2008

Restated as of October 31, 2016 solely to incorporate all interim amendments

**ARTICLE I
PURPOSE**

Effective December 31, 2006, the Occidental Petroleum Corporation Deferred Compensation Plan 2 (the “DCP2”) was merged with and into the Occidental Petroleum Corporation 2005 Deferred Compensation Plan (the “2005 DCP”), which was amended and restated as the Occidental Petroleum Corporation Modified Deferred Compensation Plan (the “Plan”). Effective December 31, 2006, for each Participant making a Special Transition Rule Election under Section 5.12, the Deferral Account (if any) of such Participant under the DCP2 was merged with the Deferral Account (if any) of such Participant under the 2005 DCP, the Savings Plan Restoration Account (if any) of such Participant under the DCP2 was merged with the Savings Plan Restoration Account (if any) of such Participant under the 2005 DCP, the SEDCP Deferral Account (if any) of such Participant under the DCP2 was transferred to the 2005 DCP, and all such accounts are governed by the terms of this Plan. For Participants not making such an election, any Deferral Account, Savings Plan Restoration Account, or SEDCP Deferral Account of such Participant under the DCP2 or 2005 DCP is subject to the terms of this Plan but maintained separate from each other. Effective November 1, 2008, the Plan was amended and restated (the “2008 Restatement”) as set forth herein. Effective as of October 31, 2016, Occidental Petroleum Corporation restated the Plan in its entirety solely for the purpose of incorporating all interim amendments made to the Plan since the 2008 Restatement.

The purpose of the Plan is to provide a tax-deferred opportunity for key management and highly compensated employees of Occidental Petroleum Corporation and its Affiliates (as defined below) to accumulate additional retirement income through deferrals of compensation.

This Plan is intended to satisfy the requirements of Section 409A of the Internal Revenue Code, and any regulations promulgated thereunder, so that the taxation to Participants or Beneficiaries of any compensation deferred under this Plan is deferred.

**ARTICLE II
DEFINITIONS**

Whenever the following words and phrases are used in this Plan with the first letter capitalized, they shall have the meanings specified below:

Affiliate. “Affiliate” means (i) any corporation that is a member of a controlled group of corporations (within the meaning of Code Section 1563(a), determined without regard to Code Sections 1563(a)(4) and (e)(3)(C), and with the phrase “more than 50%” substituted for the phrase “at least 80%” each place it appears in Code Section 1563(a)) of which Occidental Petroleum Corporation is a component member, or (ii) any entity (whether or not incorporated) that is under common control with Occidental Petroleum Corporation (as defined in Code Section 414(c) and the Treasury Regulations thereunder, and with the phrase “more than 50%” substituted for the phrase “at least 80%” each place it appears in the Treasury Regulations under Code Section 414(c)).

Alternate Payee. “Alternate Payee” means a former spouse of a Participant who is recognized by a Divorce Order as having a right to receive all, or a portion of, the benefits payable under this Plan with respect to such Participant.

Amortization Method. “Amortization Method” means an annual installment method of paying a Participant’s benefits under which the Company will pay the Participant an initial payment in an amount equal to (i) plus (ii) divided by (iii), where (i) is the value of the Participant’s Deferral Accounts as of the end of the month preceding such payment, (ii) is the amount of interest that would accrue during the entire payout period on the unpaid balance credited to the Participant’s Deferral Accounts immediately following such initial payment if the Declared Rate then in effect remained unchanged and (iii) is the number of years over which annual installments are to be paid. For each Plan Year after the initial benefit payment is made, the annual benefit payment will be determined under the same equation where (i) is the value of the Participant’s Deferral Accounts as of the end of the month preceding the benefit payment, (ii) is the amount of interest that would accrue during the remaining payout period on the unpaid balance credited to the Participant’s Deferral Accounts immediately following such annual payment if the Declared Rate then in effect remained unchanged and (iii) is the number of annual payments remaining.

Base Salary. “Base Salary” means the base salary earned by a Participant during pay periods beginning in a Plan Year, excluding Bonus, all severance allowances, forms of incentive compensation, Savings Plan, Retirement Plan or other Company qualified plan contributions or benefits, retainers, insurance premiums or benefits, reimbursements, and all other payments, prior to reduction for any deferrals under this Plan or any other plan of the Company or reductions under the Company’s Savings Plan allowed under Code Section 401(k).

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

Beneficiary Benefit. “Beneficiary Benefit” means the payment to a Participant’s Beneficiary of the value of the Participant’s Deferral Accounts pursuant to Section 5.2 on account of the Participant’s death.

Board. “Board” means the Board of Directors of Occidental Petroleum Corporation.

Bonus. “Bonus” means the bonus earned by a Participant under a regular annual incentive compensation plan (excluding without limitation a special individual or group bonus, a project bonus, and any

other special bonus) during a Plan Year prior to reduction for any deferral under this Plan or any other plan of the Company.

Change in Control. “Change in Control” means (i) for purposes of Sections 8.1 and 8.2(a), any event described in (a), (b), (c) or (d) below, and (ii) for purposes of Section 5.6, any event that constitutes a “change in control event” for purposes of Code Section 409A and Treas. Reg. § 1.409A-3(i)(5) (or any successor provisions) and that is described in subsection (a), (b), (c) or (d) below:

(a) Approval by the stockholders of Occidental Petroleum Corporation (or, if no stockholder approval is required, by the Board) of the dissolution or liquidation of Occidental Petroleum Corporation, other than in the context of a transaction that does not constitute a Change in Control under subsection (b) below;

(b) Consummation of a merger, consolidation, or other reorganization, with or into, or the sale of all or substantially all of Occidental Petroleum Corporation’s business and/or assets as an entirety to, one or more entities that are not subsidiaries or other affiliates of Occidental Petroleum Corporation (a “Business Combination”), unless (i) as a result of the Business Combination, more than 50% of the outstanding voting power of the surviving or resulting entity or a parent thereof (the “Successor Entity”) immediately after the Business Combination is, or will be, owned, directly or indirectly, by holders of Occidental Petroleum Corporation’s voting securities immediately before the Business Combination; (ii) no “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended from time to time (the “Exchange Act”), excluding the Successor Entity or any employee benefit plan of Occidental Petroleum Corporation and any trustee or other fiduciary holding securities under an Occidental Petroleum Corporation employee benefit plan or any person described in and satisfying the conditions of Rule 13d-1(b)(i) of the Exchange Act (an “Excluded Person”), beneficially owns, directly or indirectly, more than 20% of the outstanding shares or the combined voting power of the outstanding voting securities of the Successor Entity, after giving effect to the Business Combination, except to the extent that such ownership existed prior to the Business Combination; and (iii) at least 50% of the members of the board of directors of the entity resulting from the Business Combination were members of the Board at the time of the execution of the initial agreement or of the action of the Board approving the Business Combination;

(c) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any Excluded Person) is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Occidental Petroleum Corporation representing 20% or more of the combined voting power of Occidental Petroleum Corporation’s then outstanding voting securities, other than as a result of (i) an acquisition directly from Occidental Petroleum Corporation; (ii) an acquisition by Occidental Petroleum Corporation; or (iii) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by Occidental Petroleum Corporation or a Successor Entity; or

(d) During any period not longer than two consecutive years, individuals who at the beginning of such period constituted the Board cease to constitute at least a majority thereof, unless the election, or the nomination for election by Occidental Petroleum Corporation’s stockholders, of each new Board member was approved by a vote of at least two-thirds (2/3) of the Board members then still in office who were Board members at the beginning of such period (including for these purposes, new members whose election or nomination was so approved), but excluding, for this purpose, any such individual whose initial assumption of

office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

Code. “Code” means the Internal Revenue Code of 1986, as amended.

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

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

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

Compensation. “Compensation” means Base Salary, Bonus and/or, prior to 2008, Performance Award Cash Deferrals.

DCP Deferral Account. “DCP Deferral Account” means the account maintained on the books of account of the Company for each Participant pursuant to Article IV to account for amounts deferred under the 1988 DCP prior to January 1, 1999, and the amounts subsequently deferred under the Prior Plan, the DCP2, the 2005 DCP and this Plan.

DCP Deferral Amount. “DCP Deferral Amount” means an amount of a Participant’s Base Salary and/or Bonus that is deferred under the Plan, including amounts deferred under the 1988 DCP, the Prior Plan, the DCP2, the 2005 DCP and this Plan.

DCP2. “DCP2” means the Occidental Petroleum Corporation Deferred Compensation Plan 2, effective as of October 12, 2006.

Declared Rate. “Declared Rate” with respect to any Plan Year means the rate at which interest will be credited on Deferral Accounts for such Plan Year. The Declared Rate for each Plan Year ending on or before December 31, 2008, shall be equal to the greater of (i) (A) plus (B) where (A) is the Moody’s Long-Term Corporate Bond Index Monthly Average Corporates as published by Moody’s Investor Services, Inc. (or successor thereto) for the month of July in the year prior to the Plan Year in question, and (B) is 3% (“Moody’s Plus Three”), or (ii) the highest yield on any unsecured debt or preferred stock of the Company that was outstanding on the last day of July in the year prior to the Plan Year in question. Such Declared Rate will be announced on or before January 1 of the applicable Plan Year. The Declared Rate for each Plan Year commencing on or after January 1, 2009, will be the monthly yield on 5-year Treasury Constant Maturities plus 2%. Notwithstanding the foregoing, the Declared Rate for DCP Deferral Amounts that were earned and deferred prior to 1994 under the 1988 DCP (including bonuses which were earned for 1993), together with accumulated interest thereon, will in no event be less than 8% for any Plan Year. Accordingly, the Declared Rate for any Plan Year may be different for DCP Deferral Amounts that were earned and deferred under the 1988 DCP prior to January 1, 1994 than for DCP Deferral Amounts earned after such date.

Deferral Account(s). “Deferral Account(s)” means a Participant’s DCP Deferral Account and/or SEDCP Deferral Account (if any) and/or Savings Plan Restoration Account (if any) maintained on the books of account of the Company for each Participant pursuant to Article IV.

Deferral Election Form. “Deferral Election Form” means a paper or electronic election form provided by the Committee on which an Eligible Employee may elect to defer Base Salary and/or Bonus and may elect to receive an Early Payment Benefit in accordance with Article IV.

Distribution Election Form. “Distribution Election Form” means a paper or electronic election form provided by the Committee on which a Participant may elect the form of payment of his Retirement Benefits and/or the form of payment of Beneficiary Benefits to his Beneficiary in accordance with Article V.

Divorce Order. “Divorce Order” means any judgment, decree, or order (including judicial approval of a property settlement agreement) that relates to the settlement of marital property rights between a Participant and his former spouse pursuant to state domestic relations law (including, without limitation and if applicable, community property law), as described in Treas. Reg. § 1.409A-3(j)(4)(ii).

Early Payment Benefit. “Early Payment Benefit” means the payment to a Participant of part or all of the Participant’s DCP Deferral Account in an Early Payment Year beginning prior to the Participant’s Retirement or other Separation from Service pursuant to Section 5.4.

Early Payment Year. “Early Payment Year” means any year beginning prior to a Participant’s Retirement or other Separation from Service that a Participant elects pursuant to Section 4.1(b) to have an Early Payment Benefit paid or commenced to be paid.

Early Payment Year Subaccount. “Early Payment Year Subaccount” means any subaccount of a Participant’s DCP Deferral Account established to separately account for deferred Base Salary and/or Bonus (and interest credited thereto) that is subject to an Early Payment Benefit election.

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

Emergency Benefit. “Emergency Benefit” means the payment to a Participant of part or all of his Deferral Accounts in the event that the Participant has an Unforeseeable Emergency pursuant to Section 5.5.

ERISA. “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

Fractional Method. “Fractional Method” means an installment method of paying a Participant’s Retirement Benefit under which the Company will determine the amount of each annual installment by dividing the value of the Participant’s Deferral Accounts as of the end of the month preceding the payment date by the number of annual installments remaining to be paid.

1988 DCP. “1988 DCP” means the Occidental Petroleum Corporation 1988 Deferred Compensation Plan.

Participant. “Participant” means (i) each individual who, as of December 30, 2006, was a participant in the 2005 DCP or DCP2 and has not received a complete distribution of the benefits accrued under those plans, (ii) an Eligible Employee who has filed a completed and fully executed Deferral Election Form with the Committee and is participating in the Plan in accordance with the provisions of Article IV, and (iii) any person who has a Deferral Account by reason of his prior status as an Eligible Employee. Under no circumstances shall “Participant” mean any Alternate Payee.

Performance Award Cash Deferral. “Performance Award Cash Deferral” means that portion of a Qualifying Performance Stock Award that is deferred under this Plan prior to 2008 as provided in Section 4.1(c) of this Plan.

Plan Year. “Plan Year” means the calendar year beginning on January 1 and ending on December 31.

Prior Plan. “Prior Plan” means the Occidental Petroleum Corporation Deferred Compensation Plan as amended and restated as of January 1, 2003, under which deferrals ceased as of December 31, 2004.

Qualified Divorce Order. “Qualified Divorce Order” means a Divorce Order that

- (a) creates or recognizes the existence of an Alternate Payee’s right to, or assigns to an Alternate Payee the right to, receive all or a portion of the benefits payable to a Participant under this Plan;
- (b) clearly specifies (i) the name and the last known mailing address of the Participant and the name and mailing address of the Alternate Payee covered by the order, (ii) the amount or percentage of the Participant’s benefits to be paid by this Plan to the Alternate Payee, or the manner in which such amount or percentage is to be determined, (iii) the number of payments or period to which such order applies, and (iv) that it applies to this Plan; and (c) does not (i) require this Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan, (ii) require this Plan to provide increased benefits, or (iii) require the payment of benefits to an Alternate Payee that are required to be paid to another Alternate Payee under another Divorce Order previously determined to be a Qualified Divorce Order.

Qualifying Performance Stock Award. “Qualifying Performance Stock Award” has the meaning given to such term under the 2005 DSP.

Retirement. “Retirement” means the Participant’s Separation from Service for reasons other than death after the Participant attains age 55. Notwithstanding the foregoing, with respect to Participants who executed a consulting agreement with the Company prior to October 3, 2004, “Retirement” means the termination date of the Participant’s consulting agreement.

Retirement Benefit. “Retirement Benefit” means the payment to a Participant of the value of the Participant’s Deferral Accounts pursuant to Section 5.1 following Retirement.

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

SEDCP. “SEDCP” means the Occidental Petroleum Corporation Senior Executive Deferred Compensation Plan under which certain Company executives deferred compensation.

SEDCP Deferral Account. “SEDCP Deferral Account” means the account maintained on the books of account of the Company for certain Participants pursuant to Article IV to account for amounts deferred under the SEDCP.

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

Savings Plan Restoration Account. “Savings Plan Restoration Account” means the account maintained on the books of account of the Company to reflect Savings Plan Restoration Contributions made by the Company pursuant to Section 4.6.

Savings Plan Restoration Contribution. “Savings Plan Restoration Contribution” means the amount credited to a Participant’s Savings Plan Restoration Account pursuant to Section 4.6.

Separation from Service. “Separation from Service” means a Participant’s “separation from service” as defined under Code Section 409A and Treas. Reg. § 1.409A-1(h) (or successor provisions). A Participant shall have a Separation from Service if the Participant ceases to be an employee of both:

- (i) The Company that employs the Participant; and
- (ii) All Affiliates with whom such Company would be considered a single employer under Code Section 414(b) or 414(c).

For this purpose, a Participant who ceases to be an employee of an entity described in (i) or (ii) above shall not be considered to have a Separation from Service if such cessation of employment is followed immediately by his commencement of employment with another entity described in (1) or (2) above.

A Participant shall have a Separation from Service if it is reasonably anticipated that no further services shall be performed by the Participant, or that the level of services the Participant shall perform shall permanently decrease to no more than 20 percent of the average level of services performed by the Participant over the immediately preceding 36-month period (or the Participant’s full period of service, if the Participant has been performing services for less than 36 months).

For avoidance of doubt, the transfer of employment of a CRC Deferred Compensation Beneficiary, as that term is defined in the Employee Matters Agreement between Occidental Petroleum Corporation and California Resources Corporation, from Occidental Petroleum Corporation to California Resources Corporation shall not be a Separation from Service.

Specified Employee. “Specified Employee” means an Employee who is a “specified employee” within the meaning of Section 409A and Treas. Reg. § 1.409A-1(i) (or successor provisions) and as determined pursuant to any rules adopted for such purposes by Occidental Petroleum Corporation.

Termination Benefit. “Termination Benefit” means the payment to a Participant of the value of the Participant’s Deferral Accounts pursuant to Section 5.1 on account of the Participant’s Separation from Service other than due to Retirement or death.

2005 DCP. “2005 DCP” means the Occidental Petroleum Corporation 2005 Deferred Compensation Plan, restated as of January 1, 2005 and as subsequently amended.

2005 DSP. “2005 DSP” means the Occidental Petroleum Corporation 2005 Deferred Stock Program, as amended from time to time.

Unforeseeable Emergency. “Unforeseeable Emergency” means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, or a dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2) and (d)(1)(B)) of the Participant, loss of the Participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

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

ARTICLE III ADMINISTRATION OF THE PLAN

A Committee shall be appointed by the Board to administer the Plan and establish, adopt, or revise such rules and regulations as the Committee may deem necessary or advisable for the administration of the Plan and to interpret the provisions of the Plan, and, except as otherwise indicated herein, any such interpretations shall be conclusive and binding. All decisions of the Committee shall be by vote of at least two of the Committee members and shall be final. The Committee may appoint any agent and delegate to such agent such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe. The Plan is intended to comply with the requirements of Code Section 409A and shall be interpreted and administered accordingly.

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

ARTICLE IV PARTICIPATION

4.1 Election to Participate.

(a) Deferral Elections. An Eligible Employee may elect to participate in the Plan and elect to defer annual Base Salary and/or Bonus under the Plan by filing with the Committee a completed and fully executed Deferral Election Form prior to the beginning of the Plan Year during which the Eligible Employee performs the services for which such Base Salary and Bonus are to be earned, or at such other time as the Committee may permit in accordance with the regulations promulgated under Code Section 409A. Deferral Election Forms must be filed in accordance with the instructions set forth in the Deferral Election Forms.

An employee who first becomes an Eligible Employee during a Plan Year may make an initial deferral election under this Plan within 30 days after the date the employee becomes an Eligible Employee provided that such Eligible Employee has not previously become eligible to participate in any other account balance plan that is required to be aggregated with this Plan as described in Treas. Reg. § 1.409A-1(c)(2) (or any successor provision). Any such election shall apply to Base Salary earned for services performed after the 30-day election window described in the previous sentence and to that portion of the Bonus earned during such Plan Year equal to the total amount of the Bonus multiplied by the ratio of the number of days remaining in the Plan Year after the 30-day election window described in the previous sentence ends over the total number of days in the Plan Year.

A Deferral Election Form filed for a Plan Year shall be effective for Base Salary and/or Bonus to be earned during that Plan Year only. For each subsequent Plan Year, an Eligible Employee who wishes to defer Base Salary and/or Bonus must file a new complete and fully executed Deferral Election Form in accordance with the instructions set forth in the Deferral Election Form but in any event prior to January 1 of such Plan Year.

Each Deferral Election Form will designate the DCP Deferral Amounts as a fixed dollar amount or fixed percentage (in increments of 1%) of Base Salary and/or (i) a fixed dollar amount or a fixed percentage of Bonus or (ii) 100% of any Bonus exceeding a specified dollar amount, as elected by the Participant. Deferrals of Base Salary will normally be deducted ratably during the Plan Year, except as otherwise determined by the Committee to take into account special circumstances; provided that in no event will the Committee's action alter the total amount of Deferrals for the Plan Year. In its sole discretion, the Committee may also permit amounts that an Eligible Employee has previously elected to defer under other plans or agreements with the Company to be transferred to this Plan and credited to his Deferral Accounts that are maintained hereunder, provided that no change shall be made in the time or form of payment of such transferred amounts except as may be permitted by Code Section 409A.

(A) Minimum Deferral. For each Plan Year, the minimum amount of Base Salary that a Participant may elect to defer is \$5,000, if expressed as a dollar amount, or 5% of Base Salary, if expressed as a percentage, and the minimum amount of Bonus that a Participant may elect to defer is any of the following: (I) \$5,000, (II) 5% of Bonus, or (III) 100% of that portion of any Bonus that exceeds a dollar amount specified by the Participant on his Deferral Election Form.

(B) Maximum Deferral. For each Plan Year, the maximum amount of Base Salary that a Participant may elect to defer is 75% of Base Salary, and the maximum amount of Bonus that a Participant may elect to defer is 90% of Bonus. Notwithstanding the foregoing, effective with respect to amounts earned on or after January 1, 2007, for each Plan Year, the maximum total amount of Compensation that a Participant may elect to defer is \$75,000. For the 2007 Plan Year, the \$75,000 limit shall apply only to deferrals of Base Salary that would otherwise have been paid in 2007. For the 2008 Plan Year, the \$75,000 limit shall apply to the deferrals of Base Salary that would have otherwise been paid in 2008 plus deferrals of Bonus, earned in 2007, and otherwise paid in 2008. For the 2008 Plan Year, the \$75,000 limit shall also apply to deferrals of Base Salary that would have otherwise been paid in 2008 plus deferrals of Bonus, earned in 2008, and otherwise paid in 2009. For the 2009

and all future Plan Years, the \$75,000 limit shall apply to amounts of Base Salary and Bonus earned in any one Plan Year. For example, in Plan Year 2009, the \$75,000 limit shall first apply to deferrals of Base Salary that would have otherwise been paid in 2009 and then to deferrals of Bonus that are earned in 2009 and would otherwise be payable in 2010.

(C) Deferral Account Balance. Notwithstanding anything herein to the contrary, if as of December 31 of any Plan Year, a Participant's total Deferral Account balance is \$1,000,000 or more, then the Participant may not defer any compensation earned in the following Plan Year and any election to do so shall be considered void. If as of December 31 of any Plan Year, a Participant's total Deferral Account balance is less than \$1,000,000, then the Participant may defer compensation earned in the following Plan Year in accordance with this Article IV.

(b) Early Payment Benefit Election. With respect to Base Salary and/or Bonus earned after December 31, 2007, on the Deferral Election Form filed pursuant to Section 4.1(a), an Eligible Employee may irrevocably elect to receive all or a portion of the Base Salary and/or Bonus deferred pursuant to that election in a lump sum payment or in annual installments over two (2) to five (5) years commencing prior to Separation from Service in an Early Payment Year. If a Participant fails to designate the form of distribution for an Early Payment Benefit, the distribution shall be in the form of a lump sum. The Early Payment Year elected must be a year that begins at least two (2) years after the end of each Plan Year to which the election applies. An Early Payment Benefit election filed for the Plan Year beginning January 1, 2008, or for any subsequent Plan Year, shall be effective for the deferred Base Salary and/or Bonus earned during that Plan Year. A Participant may make an election for an Early Payment Benefit with respect to deferred Base Salary and/or Bonus earned in any future Plan Year by filing a new Deferral Election Form with the Committee prior to January 1 of such Plan Year. A Participant may not, however, change the form of benefit or time of commencement of an Early Payment Benefit with respect to Base Salary and/or Bonus deferred pursuant to a Deferral Election Form after that Deferral Election is filed pursuant to Section 4.1(a).

A Participant may not at any time have Early Payment Benefits scheduled for more than two Early Payment Years. However, after an Early Payment Year has occurred and all payments with respect to the corresponding Early Payment Year election have been completed, a Participant may elect a new Early Payment Year for future deferrals of Base Salary and/or Bonuses.

(c) Deferral of Performance Award Cash Payments. Notwithstanding anything contained herein to the contrary, the cash portion (if any) subject to a deferral election under a Qualifying Performance Stock Award that was granted before December 31, 2006 but becomes vested on or after December 31, 2006 shall be credited to the Eligible Employee's DCP Deferral Account as a Performance Award Cash Deferral unless the Participant elected, pursuant to transition rules under Code Section 409A, to receive distribution of the cash portion of the Qualifying Performance Stock Award in 2008. Any cash portion of a Qualifying Performance Stock Award that becomes vested on or after December 31, 2006 and payable in 2008 pursuant to an election as described herein, shall be credited to a special subaccount of the Participant's DCP Deferral Account and distributed in a lump sum during the first seventy-five (75) days of 2008. No additional amounts shall be credited to a Participant's DCP Deferral Account pursuant to this provision after December 31, 2007.

4.2 DCP Deferral Accounts. The Committee shall establish and maintain a separate DCP Deferral Account for each Participant. A DCP Deferral Amount shall be credited by the Company to the Participant's DCP Deferral Account, subject to the Committee's authority in Section 4.1(a), as of the date that the Participant's Base Salary and/or Bonus would otherwise have been paid. The amount of a Participant's Performance Award Cash Deferral shall be credited to a Participant's DCP Deferral Account as of the date it becomes certified for payment. Such DCP Deferral Account shall be debited by the amount of any payments made by the Company to the Participant or the Participant's Beneficiary therefrom as of the date of payment. The Committee shall establish an Early Payment Year Subaccount within a Participant's DCP Deferral Account for each Early Payment Year elected by that Participant. Any such Early Payment Year Subaccount shall be debited by the amount of any Early Payment Benefit paid by the Company to the Participant in such Early Payment Year pursuant to Section 5.4 as of the date of payment.

4.3 SEDCP Deferral Accounts. The Committee shall maintain a separate SEDCP Deferral Account for each Participant who was a participant in the SEDCP on December 31, 1998. The balance of such Participant's accounts under the SEDCP as of December 31, 1998 remained credited to each such Participant's SEDCP Deferral Account under the Occidental Petroleum Corporation Deferred Compensation Plan, a predecessor to this Plan, as of January 1, 1999. SEDCP Deferral Accounts shall be debited by the amount of any payments made by the Company to the Participant or the Participant's Beneficiary therefrom as of the date of payment.

4.4 Interest. Each Deferral Account of a Participant shall be deemed to bear interest on the monthly balance of such Deferral Account at the Declared Rate, compounded monthly. Except as provided in Section 5.2(a), with respect to SEDCP Deferral Accounts for Participants who die prior to becoming eligible for Retirement, interest will be credited to each Deferral Account on a monthly basis on the last day of each month as long as any amount remains credited to such Deferral Account. Amounts of deferred Compensation that are credited to a DCP Deferral Account and amounts of Savings Plan Restoration Contributions that are credited to a Savings Plan Restoration Account prior to the end of a calendar month shall accrue interest from the date of crediting, computed from date of crediting to the end of the month.

4.5 Valuation of Deferral Accounts. The value of a Deferral Account as of any date shall equal the amounts previously credited to such Deferral Account less any payments debited to such Deferral Account plus the interest deemed to be earned on such Deferral Account in accordance with Section 4.4 through the end of the preceding month. When payments are made from a DCP Deferral Account for any reason other than an Early Payment Benefit elected after January 1, 1994, such payments shall be deemed to be made on a proportionate or pro-rata basis from DCP Deferral Amounts (including accumulated interest thereon) that were earned and deferred under the 1988 DCP prior to January 1, 1994, and DCP Deferral Amounts (including accumulated interest thereon) that were earned and deferred after that date.

4.6 Savings Plan Restoration Contribution.

(a) General Rule. For each Plan Year, the Company shall credit to the Savings Plan Restoration Account of any Participant, an amount equal to the amount by which the contribution that would otherwise have been made by the Company on behalf of the Participant to the Savings Plan for such Plan Year is reduced by reason of the reduction in the Participant's Base Salary for such Plan Year and/or the Participant's Annual Bonus (as defined in the Savings Plan) paid in such Plan Year because of deferrals under this Plan. The Savings Plan Restoration Contribution shall be credited to the Savings Plan Restoration Account of each Participant for each Plan Year at the same time as the Company contribution for such Plan Year is made to the Savings Plan. No further Savings Plan Restoration Contributions shall be credited to Participants' Savings Plan Restoration Accounts pursuant to this provision on or after December 31, 2008.

(b) Vesting. A Participant's interest in any credit to his Savings Plan Restoration Account and earnings thereon shall vest at the same rate and at the same time as would have been the case had such contribution been made to the Savings Plan. Notwithstanding anything contained herein to the contrary, if, upon a Participant's Separation from Service, the Participant has not or does not become 100% vested in his Savings Plan Restoration Account, the unvested portion of his Savings Plan Restoration Account shall be forfeited prior to the determination of the amount of any benefits under Sections 5.1, 5.5, or 5.6.

(c) Transfer of Non-Vested Savings Plan Restoration Account from Prior Plan. Effective as of January 1, 2005, that portion of a Participant's Savings Plan Restoration Account under the Prior Plan that was not vested as of December 31, 2004, was transferred to and credited to such Participant's Savings Plan Restoration Account under the 2005 DCP and is governed by the terms of this Plan, including any Distribution Election Form filed under the 2005 DCP on or before December 31, 2005. If the Participant was not participating in the 2005 DCP in 2005, the Participant could nevertheless make an election in accordance with Section 5.1(b) and 5.2 of the 2005 DCP if such election was made by December 31, 2005. If the Participant did not file a Distribution Election Form on or before December 31, 2005, with respect to such amount, together with interest the Participant was deemed to have made an election to receive distribution in accordance with Section 5.1(a).

4.7 Statement of Deferral Accounts. The Committee shall submit to each Participant, within 120 days after the close of each Plan Year, a statement in such form as the Committee deems desirable, setting forth the Participant's Deferral Account(s).

4.8 2004 Bonuses.

(a) Deferral under the 2005 DCP. Any Bonus that was payable in 2005 to an employee of the Company for services performed during 2004 (a "2004 Bonus") and that such individual elected to defer in accordance with the terms of the Prior Plan was deferred under the 2005 DCP instead of the Prior Plan. Any such 2004 Bonus was credited to the individual's DCP Deferral Account as set forth in Section 4.2 and is subject to the terms and conditions of this Plan, including, without limitation, any distribution election made under Article V; provided, however, that if such individual did not file a Distribution Election Form under the 2005 DCP as provided in Section 5.1(b) at the time such 2004 Bonus was credited to his DCP Deferral Account, he could file a Distribution Election Form at any time prior to February 11, 2005, which then

became applicable with respect to his 2004 Bonus and any other Compensation deferred and credited to the Participant's DCP Deferral Account under this Plan.

(b) Opportunity to Revoke Deferral Election. Notwithstanding anything contained herein to the contrary, any participant in the Prior Plan who elected to defer his 2004 Bonus could revoke his deferral election as provided in this Section 4.8(b). Such election had to be in writing on a form provided by the Committee and had to be filed with the Committee on or before January 21, 2005. Any participant in the Prior Plan who revoked his 2004 Bonus deferral election as provided herein received his 2004 Bonus in cash at or about the same time that 2004 Bonuses were paid to other employees of the Company.

4.9 Pre-Merger Payment Elections. Any payment elections made or deemed to be made by a Participant under the DCP2 or the 2005 DCP and in effect immediately prior to the merger of the two plans on December 31, 2006 shall remain in effect with respect to the portions of the applicable Deferral Accounts attributable to amounts deferred under each plan and shall continue in effect unless and until changed in accordance with the terms of this Plan. The Committee shall establish and maintain separate subaccounts for each Deferral Account as may be necessary to account for amounts subject to different payout elections.

ARTICLE V BENEFITS

5.1 Separation from Service for a Reason other than Death.

(a) Form and Time of Benefit. Except as otherwise provided in this Sections 5.1 and 5.4, upon a Participant's Separation from Service for a reason other than death (including Retirement), the Company shall pay to the Participant in a single lump sum within the first 90 days of the calendar year following the year of the Participant's Separation from Service an amount equal to the value of the Participant's Deferral Accounts as of the end of the month preceding payment (after reduction for any forfeitures as set forth in Section 4.6). Any Retirement Benefit paid in annual installments pursuant to Section 5.1(b) shall be paid within the first 90 days of each calendar year, beginning with the year following the Participant's Retirement and shall be determined based on the value of the Participant's Deferral Accounts as of the last day of the month preceding payment. Notwithstanding anything herein to the contrary, in the event that a Participant who is a Specified Employee is entitled to a distribution from the Plan upon or by virtue of such Participant's Separation from Service for a reason other than death, the lump sum payment or the first annual installment payment, as the case may be, shall be paid in the month next following the date that is six (6) months after the date of the Participant's Separation from Service, if later than the time provided above. Any additional installment payments shall be paid within the first 90 days of each subsequent calendar year.

(b) Retirement. (i) On a Distribution Election Form filed simultaneously with and in the same manner as the first Deferral Election Form that a Participant is required to file in accordance with the requirements set forth in Section 4.1 hereof, a Participant (A) may elect to have the Retirement Benefit, which may consist solely of the Participant's Savings Plan Restoration Account, but which will not include any amounts attributable to an Early Payment Year Subaccount if Separation from Service occurs after beginning of the relevant Early Payment Year, paid to him in a lump sum or annual payments for any other

number of years between two (2) and 20 years, and (B) may elect to have the amount of each annual installment determined under either the Amortization Method or the Fractional Method. If a Participant fails to elect either the Amortization Method or the Fractional Method, such Participant shall be deemed to have elected the Fractional Method.

(ii) Notwithstanding anything herein to the contrary, an election to receive distribution in a series of annual installments shall be treated as a single payment for purposes of Code Section 409A.

(iii) Subject to Section 5.1(b)(iv), a Participant may change his election as to the form of Retirement distribution under this Plan subject to the following conditions: (A) the election shall not be effective until twelve (12) months after the election is filed with the Committee; (B) the election must defer the lump sum payment or the initial amount of an installment payment for a period of at least five (5) years from the date that the lump sum payment or initial amount of the installment payment, as the case may be, was otherwise payable; and (C) the election must be made at least twelve (12) months prior to the beginning of the calendar year in which the lump sum payment or initial amount of the installment payment, as the case may be, would have been payable if no change as to the form of distribution were ever made.

(iv) A Participant may only make two changes pursuant to Section 5.1(b)(iii). Each such change must satisfy all of the requirements of Section 5.1(b)(iii). No further changes may be made following a Participant's Separation from Service.

(c) Separation Prior to Retirement. If a Participant's Separation from Service is for any reason other than Retirement or death, then the Participant shall receive a Termination Benefit in a lump sum as provided in Section 5.1(a).

(d) Effect of Pre-Retirement Separation from Service on Spousal Survivor Benefits. Spousal survivor benefits (if any) under Section 5.3 of the Plan shall not be payable to the spouse of a Participant whose Separation from Service occurs prior to Retirement and receives a Termination Benefit under this Section 5.1.

5.2 Beneficiary Benefits.

(a) If Participant's Separation from Service is due to death, the Company will pay to the Participant's Beneficiary in a single lump sum a Beneficiary Benefit that is an amount equal to the value of the Participant's Deferral Accounts (other than his or her SEDCP Deferral Account (if any) and amounts in his or her Early Payment Year Subaccount attributable to an Early Payment Year beginning before the date of the Participant's death (if any)). If such Participant also has an SEDCP Deferral Account, the Company will also pay to the Participant's Beneficiary annual payments over the greater of (i) 10 years or (ii) until the Participant would have attained age 65 equal to 25% of the amount deferred under the SEDCP (excluding any interest on such deferrals), which payments shall be in full satisfaction of the benefits payable with respect to the Participant's SEDCP Deferral Account. Notwithstanding the foregoing, the Participant's Beneficiary shall instead be paid the amount credited to the Participant's SEDCP Deferral Account as of the end of the month in which his death occurred plus interest at a rate of 8% per annum, compounded annually, from the end of such month and credited annually on each anniversary of the end of such month payable in equal installments

(using the Amortization method) over the period described in the preceding sentence, if the Committee determines that the present value of such benefit is greater than the present value of the benefit described in the preceding sentence. In comparing the present value of these two alternative benefits, the Committee shall use in each case a discount factor of 8%.

(b) Notwithstanding the foregoing, if a Participant's Separation from Service is due to death after attaining age 55, payment to his Beneficiary (other than payment of his or her SEDCP Deferral Account (if any) and amounts in his or her Early Payment Year Subaccount attributable to an Early Payment Year beginning before the date of the Participant's death (if any)) shall be made in the same form as payment of the Participant's Retirement Benefit would have been made to the Participant if he were living.

(c) Notwithstanding the foregoing, a Participant may elect, on a Beneficiary Distribution Election Form filed simultaneously with and in the same manner as the first Deferral Election Form that the Participant is required to file in accordance with the requirements set forth in Section 4.1 hereof, that, if his Separation from Service is due to death prior to attaining age 55, payment to his Beneficiary (other than payment of his or her SEDCP Deferral Account (if any) and amounts in his or her Early Payment Year Subaccount attributable to an Early Payment Year beginning before the date of the Participant's death (if any)) shall be made in any form and calculated in any other manner described in Section 5.1(b) (which may be different than the form of payment elected by the Participant for his Retirement Benefit). A Participant may change his election as to the form of payment to his Beneficiary subject to the following conditions: (1) the election shall not be effective until twelve (12) months after the election is filed with the Committee and (2) the election must be made at least twelve (12) months prior to the beginning of the calendar year in which the lump sum payment or initial amount of the installment payment, as the case may be, would have been payable if no change as to the form of distribution were ever made. Each such change must satisfy all of the requirements of this Section 5.2(c).

(d) If a Participant dies after Separation from Service but before commencement or completion of his benefits under the Plan, payment to his Beneficiary shall be made in the same amount, at the same time and in the same form as payment would have been made to the Participant if he were living under this Plan. If installment payments to the Participant have already commenced, then the remaining installments (if any) shall be paid to his Beneficiary in the same amounts and at the same times as such remaining installments would have been paid to the Participant if he were living.

(e) The payment or payments to a Beneficiary of a deceased Participant under Section 5.2(a), (b) or (c) (including payments with respect to the SEDCP Deferral Account) shall be made or commence during the first 90 days of the calendar year following the year in which the Participant's death occurred, with any subsequent installments paid within the first 90 days of each subsequent calendar year, and the amount of such payment shall be equal to, or determined based on, the value of the Participant's Deferral Accounts as of the end of the month preceding payment.

(f) In the event that the Beneficiary of a deceased Participant dies prior to the completion of payments under this Plan to that Beneficiary, then the remaining payments shall be paid to that Beneficiary's estate in the same amounts and at the same times as such payments would have been paid to the Beneficiary if he were living.

(g) Any election as to the form and manner of payment to a Beneficiary in effect under the terms of the DCP2 or the 2005 DCP immediately prior to the merger of the two plans on December 31, 2006, shall remain in effect with respect to the portions of the applicable Deferral Accounts attributable to amounts deferred under each plan and shall continue in effect unless or until changed in accordance with the terms of this Plan. The Committee shall establish and maintain separate subaccounts for each Deferral Account as may be necessary to account for amounts subject to different beneficiary payout elections.

5.3 Spousal Survivor Benefits with Respect to SEDCP Deferral Accounts. If a Participant who has an SEDCP Deferral Account dies after becoming eligible for Retirement or after commencement of payment of his Retirement Benefit and a spouse to whom he had been married to for at least one (1) year prior to his death survives beyond completion of payment of the Participant's SEDCP Deferral Account balance, the Company shall pay such spouse a lump sum payment in an amount equal to 10% of the Participant's SEDCP Deferral Account balance valued as of the earlier of the date of the Participant's Retirement or death. Such lump sum spousal survivor benefit shall be paid 120 days following the later of the completion of payment of the Participant's SEDCP Deferral Account balance or the Participant's death. No benefit shall be payable under this Section 5.3 if the Participant's spouse does not survive beyond completion of payment of the Participant's SEDCP Deferral Account balance. Notwithstanding the foregoing, no spousal survivor benefit shall be payable to the spouse of any Participant who received benefits pursuant to Section 5.1(c) (Termination Benefit) or Section 5.6 (Immediate Payment on Change in Control).

5.4 Early Payment. Payment of the amounts credited to any Early Payment Year Subaccount of a Participant shall be paid or commence to be paid within the first 90 days of the year elected as the Early Payment Year in accordance with the Participant's election under Section 4.1(b), with any subsequent annual payments paid in the first 90 days of each applicable year. The amount of each annual installment will be determined under the Fractional Method unless the Participant otherwise irrevocably elects the Amortization Method at the time of making the Early Payment Benefit election.

Notwithstanding the foregoing, if a Participant has a Separation from Service for any reason prior to the Early Payment Year elected by the Participant, the election made by the Participant to receive the Early Payment Benefit shall terminate and the amount credited to the Participant's Early Payment Year Subaccount shall be paid, together with the other amounts credited to the Participant's Deferral Account, as set forth in Section 5.1 or 5.2, as the case may be. If the Participant has a Separation from Service for any reason after the start of the Early Payment Year but before the commencement or completion of the Early Payment Benefit, the benefit or remaining benefit attributable to the relevant Early Payment Year Subaccount shall be paid to the Participant (or his Beneficiary) in accordance with the Participant's Early Payment Benefit election without regard to the Participant's Separation from Service (i.e., once the Early Payment Year is reached, the Participant's subsequent Separation from Service for any reason shall not affect the payment of the relevant Early Payment Year Subaccount).

5.5 Emergency Benefit. In the event that the Committee, upon written petition of the Participant, determines in its sole discretion that the Participant has suffered an Unforeseeable Emergency, the Company shall pay to the Participant, as soon as practicable following such determination, an Emergency Benefit that does not exceed the amount reasonably necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets to the extent the liquidation of such assets would not itself cause severe financial hardship and the additional compensation available to the Participant upon the termination of the Participant's current deferral elections under the Plan, as described in the following paragraph of this Section 5.5. No amount may be paid to the Participant under this Section 5.5 from any unvested portion of the Participant's Savings Plan Restoration Account.

Whenever a Participant receives a distribution under this Section 5.5, the Participant will be deemed to have revoked all current deferral elections under the Plan effective as of the date of the distribution. The Participant will not be permitted to participate in the next enrollment period under the Plan and will be precluded from electing to make new deferrals under the Plan for a minimum period of one (1) year (or such lesser period as the Committee may permit) following receipt of the distribution. Such new election shall comply with the provisions of Section 4.1(a).

5.6 Effect of Change in Control. In the event of a Change in Control, the Board may, in its sole discretion, within the 30 days preceding such Change in Control, irrevocably take action to terminate and liquidate the Plan, provided that the requirements of Treas. Reg. § 1.409A-3(j)(4)(ix)(B) (or any successor provision) are satisfied.

5.7 Small Benefit. Notwithstanding any election by a Participant to receive payment of any account maintained for the Participant under the Plan in an installment payment form, if the value of such account is less than \$50,000 at the time payment in such form is scheduled to commence under Section 5.1 or 5.2 (after reduction for any forfeiture pursuant to Section 4.6), the account shall be paid to the Participant in a single lump sum on the scheduled commencement date. This provision shall not apply to (i) any Early Payment Year Subaccount that is being paid pursuant to an Early Payment Benefit election or (ii) the Beneficiary benefit with respect to a Participant's SEDCP Deferral Account described in Section 5.2(a).

5.8 Tax Withholding and Reporting.

(a) To the extent required by the law in effect at the time payments are made, the Company shall withhold from payments made hereunder the taxes required to be withheld by Federal, state and local law.

(b) The Company shall have the right at its option to (i) require a Participant to pay or provide for payment of the amount of any taxes that the Company may be required to withhold with respect to interest or other amounts that the Company credits to a Participant's Deferral Accounts or (ii) deduct from any amount of salary, bonus or other payment otherwise payable in cash to the Participant the amount of any taxes that the Company may be required to withhold with respect to interest or other amounts that the Company

credits to a Participant's Deferral Accounts. In addition, as permitted by Treas. Reg. § 1.409A-3(j)(4)(vi) (or any successor provision), payments may be made under the Plan to pay any Federal Insurance Contributions Act (FICA) tax imposed under Code Sections 3101 and 3121(v)(2) on the Participant's Deferral Accounts, and to pay any income tax imposed under Code Section 3401 (i.e., wage withholding) or the corresponding withholding provisions of applicable state or local law as a result of payment of the FICA amount, as well as to pay the additional income tax attributable to the pyramiding wages and taxes. The total payment may not exceed the aggregate FICA tax amount and the income tax withholding related to such FICA tax amount.

5.9 Reemployment.

(a) If, after a Participant's Separation from Service, such Participant is reemployed by the Company prior to the payment of his benefits in a cash lump sum payment or while he is receiving benefits in the form of annual installment payments, the payment of the lump sum amount or the future installments, as the case may be, shall be made as scheduled without regard to the Participant's reemployment.

(b) A reemployed Participant may elect to again participate in this Plan and to defer additional Base Salary and/or Bonus as provided in Section 4.1, in which case a new Deferral Account shall be established for such Participant to which allocations relating to the period following the Participant's re-employment shall be credited. The Participant also shall be permitted to file a new Distribution Election Form, simultaneously with and in the same manner as the first Deferral Election Form that the Participant files upon his reemployment, governing the payment of his new Retirement Benefit in accordance with Section 5.1(b) and payment to his Beneficiary in accordance with Section 5.2(c) (provided that payment of any amounts previously forfeited pursuant to Section 4.6 and restored upon the Participant's reemployment shall be made in the form applicable at the time of his prior termination in accordance with the rules set forth herein).

5.10 Qualified Divorce Orders. Subject to the policies and procedures established by the Committee under Section 9.3(b) hereof and the provisions of this Plan, benefits may be paid from the balance of a Participant's Deferral Account(s) in accordance with a Qualified Divorce Order.

5.11 Special 2006 Transition Rule Elections.

(a) Notwithstanding anything herein to the contrary, pursuant to the transition rules under Code Section 409A and the regulations and guidance thereunder, each Participant who has not separated from service as of October 12, 2006 may make a new payment election (a "Special Transition Rule Election") with respect to (i) the balance of his Deferral Accounts as of December 31, 2006 together with interest credited thereto prior to distribution (his "December 31 Balance") and/or (ii) any deferred 2006 bonus (i.e., that portion of any bonus earned in 2006 and payable in 2007 that the Participant elected to defer under this Plan) plus interest credited thereto prior to distribution (his "2006 Deferred Bonus"). As part of such election, the Participant may elect to receive his Retirement Benefit in any form described in Section 5.1 and calculated under either the Amortization Method or the Fractional Method. In addition, the Participant may elect up to two Early Payment Years with installment payments (if any) calculated under the Amortization Method or the Fractional Method. Notwithstanding the provisions of Section 4.1(b) or Section 5.4 to the contrary, a Participant may elect any Early Payment Year other than 2006 regardless of the year in which the Compensation was deferred, except that (i) the earliest Early Payment Year that a Participant may elect with respect to his 2006 Deferred Bonus is 2008, and (ii) if a Participant elects 2007 as an Early Payment Year with respect to his December 31 Balance, payment will be made in July of 2007. A Participant may elect that all, any portion or no portion of his December 31 Balance and/or all, any portion or no portion of his 2006 Deferred Bonus be paid in an Early Payment Year, but (i) the Participant may not select more than two Early Payment Years under this Special Transition Rule Election and may not elect any additional Early Payment Years under Section 4.1(b) if such election would result in more than two scheduled Early Payment Years and (ii) the Participant may not make different elections with respect to the form or manner of calculation of his Retirement Benefit with respect to his December 31 Balance and his 2006 Deferred Bonus.

(b) Notwithstanding anything herein to the contrary, if a Participant has separated from service due to Retirement as of October 12, 2006, he may make a new payment election with respect to his December 31 Balance. As part of such election, the Participant may elect to receive a lump sum distribution of his entire Deferral Account balance in July of 2007 or to change the number of Retirement Benefit installment payments as permitted under Section 5.1, provided that the Participant may not extend the number of installments to more than twenty annual installments (including installment payments that have already been made).

(c) If a Participant elects 2007 as an Early Payment Year for his December 31 Balance, he may not elect to defer any Compensation earned in 2007 under this Plan.

(d) In addition, as part of the special election under this Section 5.12, a Participant may change the form and manner of calculation of the payment of benefits to his Beneficiary in the event that the Participant dies while employed by the Company after becoming eligible for Retirement.

(e) A Participant must elect the same form and manner of calculating his Retirement Benefit under (a) or (b) of this Section 5.12 and the same form and manner of calculating his Beneficiary Benefit under (d) of this Section 5.12 as he elects for such benefits under the 2005 DCP and the DCP2.

(f) Any election under this Section 5.12 must be made by November 3, 2006, or such later date as permitted by the Committee, but in no event later than December 31, 2006.

(g) A Participant's election under this Section 5.12 shall supersede any previous election made or deemed to be made under this Plan, the 2005 DCP, or the DCP2. If a Participant does not timely make an election under this Section 5.12, the elections he otherwise made or makes or was deemed to make shall apply and may be changed only in accordance with the other terms of this Plan and any Compensation deferred on or after January 1, 2007, shall be subject to the Participant's election under the 2005 DCP (or, the DCP2 if the Participant was a participant in the DCP2 but not the 2005 DCP) or as subsequently amended in accordance with the other terms of this Plan. However, any distribution election that had not become effective by October 12, 2006, shall be null and void.

5.12 Section 409A Compliance. Notwithstanding anything herein to the contrary, any amount that would have been paid in 2008 under the provisions of the Plan as in effect prior to November 1, 2008 shall be paid by December 31, 2008. No amount shall be paid in 2008 under the provisions of this November 1, 2008 restatement that would not have been paid in 2008 under the prior provisions of the Plan.

5.13 Plan Provisions Control.

(a) Payment Commencement Prior to November 1, 2008. Notwithstanding anything herein to the contrary, if installment payments to a Participant or Beneficiary have commenced prior to November 1, 2008 in accordance with the prior provisions of the Plan, the Participant's remaining account shall be paid over the remaining number of installments in accordance with the rules set forth herein (i.e., within the first 90 days of 2009 and each subsequent calendar year, except as otherwise provided herein).

(b) Distribution Elections Made Prior to November 1, 2008. Notwithstanding anything herein to the contrary, if a Participant has made a distribution election, including a beneficiary distribution election, prior to November 1, 2008, and such election remains in effect on and after that date, including without limitation under Section 4.9 or Section 5.2(g), distributions to such Participant (or his Beneficiary) shall commence and be made in accordance with the rules set forth herein, with such distribution election used only to determine the applicable form of payment (i.e., whether distribution shall be made in a lump sum or installments and, if installments, the number of such installments and the method used for calculating such installments).

**ARTICLE VI
BENEFICIARY DESIGNATION**

Each Participant shall have the right, at any time, to designate any person or persons as the Beneficiary to whom payments under this Plan shall be made in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Committee during the Participant's lifetime on a paper form prescribed by the Committee. Any Beneficiary designation made by a Participant under the DCP2 and/or the 2005 DCP shall continue to apply under this Plan until the Participant files a new Beneficiary designation form with the Committee. Notwithstanding the preceding sentence, if a Participant had selected different Beneficiaries under the DCP2 and the 2005 DCP, the following rules shall apply:

(A) If the Participant does not make a new election under Section 5.12, the Beneficiary designation under the DCP2 shall apply to the subaccount for the DCP2 under this Plan and the Beneficiary

designation under the 2005 DCP shall apply to the subaccount for the 2005 DCP under this Plan unless or until the Participant files a new Beneficiary designation form with the Committee.

(B) If the Participant does make a new election under Section 5.12, the Participant will be treated as having no Beneficiary designation on file until the Participant files a new Beneficiary designation with the Committee.

The filing of a new Beneficiary designation form will cancel any inconsistent Beneficiary designation previously filed.

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

ARTICLE VII CLAIMS PROCEDURE

7.1 Applications for Benefits. All applications for benefits under the Plan shall be submitted to Occidental Petroleum Corporation, Attention: Deferred Compensation Plan Committee, 10889 Wilshire Blvd., Los Angeles, CA 90024. Applications for benefits must be in writing on the forms prescribed by the Committee and must be signed by the Participant, or in the case of a Beneficiary Benefit, by the Beneficiary or legal representative of the deceased Participant.

7.2 Claims Procedure.

(a) Within a reasonable period of time, but not later than 90 days after receipt of a claim for benefits, the Committee or its delegate shall notify the claimant of any adverse benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 90 days from the end of the initial 90-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 90-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a determination on the claim.

(b) In the case of an adverse benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant (i) the specific reason or reasons for the adverse benefit determination; (ii) reference to the specific Plan provisions on which the adverse benefit determination is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary; and (iv) a description of the Plan's claim review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4.

(c) Within 60 days after receipt by the claimant of notification of the adverse benefit determination, the claimant or his duly authorized representative, upon written application to the Committee, may request that the Committee fully and fairly review the adverse benefit determination. On review of an adverse benefit determination, upon request and free of charge, the claimant shall have reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits. The claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The Committee's (or delegate's) review shall take into account all comments, documents, records, and other information submitted regardless of whether the information was previously considered in the initial adverse benefit determination.

(d) Within a reasonable period of time, but not later than 60 days after receipt of such request for review, the Committee or its delegate shall notify the claimant of any final benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 60 days from the end of the initial 60-day period. If an extension is necessary, the Committee or its delegate shall provide the claimant with a written notice to this effect prior to the expiration of the initial 60-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a final determination on the request for review. In the case of an adverse final benefit determination, the Committee or its delegate shall provide to the claimant written or electronic notification setting forth in a manner calculated to be understood by the claimant (i) the specific reason or reasons for the adverse final benefit determination; (ii) reference to the specific Plan provisions on which the adverse final benefit determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and (iv) a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review and in accordance with Section 7.4.

7.3 Section 409A Compliance. Any claim for benefits under this Article must be made by the claimant no later than the time prescribed by Treas. Reg. § 1.409A-3(g) (or any successor provision). If a claimant's claim or appeal is approved, any resulting payment of benefits will be made no later than the time prescribed for payment of benefits by Treas. Reg. § 1.409A-3(g) (or any successor provision).

7.4 Limitations on Actions. No legal action may be commenced prior to the completion of the benefit claims procedure described herein. In addition, no legal action may be commenced after the later of (a) 180 days after receiving the written response of the Committee to an appeal, or (b) 365 days after an applicant's original application for benefits.

ARTICLE VIII
AMENDMENT AND TERMINATION OF PLAN

8.1 Amendment. The Board may amend the Plan in whole or in part at any time for any reason, including but not limited to, tax, accounting or other changes, which may result in termination of the Plan for future deferrals. The Executive Compensation and Human Resources Committee of the Board may amend the Plan to (a) ensure that this Plan complies with the requirements of Code Section 409A for deferral of taxation on compensation deferred hereunder until the time of distribution and (b) add provisions for changes to deferral elections and elections as to time and manner of distributions and other changes that comply with the requirements of Code Section 409A for the deferral of taxation on deferred compensation until the time of distribution. The Committee appointed pursuant to Article III, in its discretion, may amend the Plan if the Committee determines that such amendment does not significantly increase or decrease Plan benefits or costs. Notwithstanding the foregoing, except for any amendment required to preserve the deferral of taxation of amounts deferred under this Plan, no amendment shall (a) reduce the amounts that have been credited to the Deferral Account(s) of any Participant prior to the date such amendment is adopted; (b) eliminate the spousal survivor benefit under Section 5.3; or (c) change the definition of the Declared Rate set forth in Article II for the Plan Years beginning on January 1 of 2006, 2007, or 2008 to a rate or to a formula that, as of the last day of the month preceding the date such amendment is adopted, produces a rate that is less than the lesser of: (i) Moodys Plus Three (as defined in Article II and calculated as of the last day of the month preceding the date such amendment is adopted), or (ii) the highest yield on any unsecured debt or preferred stock of the Company that was outstanding on the last day of the month immediately preceding the date such amendment is adopted. Any amendment that would either (a) reduce the Declared Rate for the Plan Years beginning on January 1 of 2006, 2007, or 2008 to a rate or to a formula that, as of the last day of the month preceding the date such amendment is adopted, produces a rate that is less than Moodys Plus Three (as defined in Article II and calculated as of the last day of the month preceding the date such amendment is adopted) or (b) change the terms of the amendment provisions of this Section 8.1 or the terms of the termination provisions of Section 8.2, shall not be effective prior to the date that is two years after the date such amendment is adopted, unless the amendment is required by a change in the tax or other applicable laws or accounting rules, or the amendment is required in order to preclude any amounts deferred under this Plan from being included in the income of Participants prior to a date of distribution as specified under this Plan. Notwithstanding the foregoing, following a Change in Control, no amendment shall (a) reduce the amounts that have been credited to the Deferral Account(s) of any Participant prior to the date such amendment is adopted; (b) change the definition of the Declared Rate set forth in Article II for the Plan Years beginning on January 1 of 2006, 2007, or 2008 to a rate or to a formula that, as of the last day of the month preceding the date of the Change in Control, produces a rate that is less than Moodys Plus Three (as defined in Article II and calculated as of the last day of the month preceding the date of the Change in Control); (c) eliminate the spousal survivor benefits under Section 5.3; or (d) change the terms of the amendment provisions of this Section 8.1 or the terms of the termination provisions of Section 8.2.

8.2 Termination.

(a) Company's Right to Terminate. The Board may terminate the Plan at any time, if in the Board's judgment, the continuance of the Plan would not be in the Company's best interest due to tax, accounting or other effects thereof, or potential payouts thereunder, or other reasons, provided that any termination of the Plan shall not be effective prior to the date that is two years after the date the Board adopts a resolution to terminate the Plan, unless (i) the termination of the Plan is required by a change in the tax or other applicable laws or accounting rules, or (ii) the Participants have become subject to tax on the amounts deferred under the Plan. Notwithstanding the foregoing, following a Change in Control, the Plan may not be terminated prior to the date that is three years after the date the Change in Control occurs, or, if earlier, the date on which amounts deferred under the Plan have become taxable to Participants. In the event the Board adopts a resolution terminating the Plan, the Board or the Committee shall determine the date as of which deferral elections shall cease to have effect in accordance with the requirements of Code Section 409A.

(b) Payments Upon Termination. Distributions to the Participants or their Beneficiaries shall be made on the dates on which the Participants or their Beneficiaries would receive benefits hereunder without regard to the termination of the Plan, except that payments may, in the discretion of the Board, be accelerated if:

(A) The Plan is terminated and liquidated pursuant to Section 5.6 of the Plan;

(B) Accelerated payment is otherwise permitted by Treas. Reg. § 1.409A-3(j)(4)(ix) (or any successor provision) or other guidance issued by the Secretary of the Treasury, or

(C) The Plan is terminated because Participants have become subject to tax on their deferrals due to the Plan's failure to satisfy the requirements of Code Section 409A. Payment to a Participant may not exceed the amount required to be included in income as a result of such failure.

ARTICLE IX MISCELLANEOUS

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

9.2 Trust Fund. The Company shall be responsible for the payment of all benefits provided under the Plan. At its discretion, the Company may establish one or more trusts, with such trustees as the Board or Committee may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, the Company. No assets shall be transferred to a trust if such transfer would result in the taxation of benefits prior to distribution under Code Section 409A(b).

9.3 Nonassignability.

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

(b) Notwithstanding subsection (a), the right to benefits payable with respect to a Participant pursuant to a Qualified Divorce Order may be created, assigned, or recognized. The Committee shall establish appropriate policies and procedures to determine whether a Divorce Order presented to the Committee constitutes a Qualified Divorce Order under this Plan, and to administer distributions pursuant to the terms of Qualified Divorce Orders. In the event that a Qualified Divorce Order exists with respect to benefits payable under the Plan, such benefits otherwise payable to the Participant specified in the Qualified Divorce Order shall be payable to the Alternate Payee specified in such Qualified Divorce Order.

9.4 Release from Liability to Participant. A Participant's right to receive benefits under the Plan shall be reduced to the extent that any portion of a Participant's Deferral Account(s) has been paid or set aside for payment to an Alternate Payee pursuant to a Qualified Divorce Order. The Participant shall be deemed to have released the Company and the Plan from any claim with respect to such amounts in any case in which (a) the Company, the Plan, or any Plan representative has been served with legal process or otherwise joined in a proceeding relating to such amounts, and (b) the Participant fails to obtain an order of the court in the proceeding relieving the Company and the Plan from the obligation to comply with the judgment, decree or order.

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

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

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

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

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

9.10 Applicable Law. The Plan shall be governed by and construed in accordance with Code Section 409A, and any regulations promulgated thereunder, and in accordance with the laws of the State of California to the extent such laws are not preempted by ERISA.

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

	Nine Months Ended September 30		Year Ended December 31				
	2016	2015	2015	2014	2013	2012	2011
Income from continuing operations ^(a)	\$ (734)	\$ (2,641)	\$ (8,146)	\$ (130)	\$ 4,932	\$ 3,829	\$ 5,527
Add/(Subtract):							
Net income attributable to noncontrolling interest	—	—	—	(14)	—	—	—
Adjusted income from equity investments ^(b)	3	(10)	21	64	52	163	(33)
	<u>(731)</u>	<u>(2,651)</u>	<u>(8,125)</u>	<u>(80)</u>	<u>4,984</u>	<u>3,992</u>	<u>5,494</u>
Add:							
Provision for taxes on income (other than foreign oil and gas taxes)	(648)	(768)	(2,070)	(280)	1,353	249	1,167
Interest and debt expense	263	86	147	77	132	149	313 ^(c)
Portion of lease rentals representative of the interest factor	47	52	63	52	60	58	57
	<u>(338)</u>	<u>(630)</u>	<u>(1,860)</u>	<u>(151)</u>	<u>1,545</u>	<u>456</u>	<u>1,537</u>
Earnings before fixed charges	<u>\$ (1,069)</u>	<u>\$ (3,281)</u>	<u>\$ (9,985)</u>	<u>\$ (231)</u>	<u>\$ 6,529</u>	<u>\$ 4,448</u>	<u>\$ 7,031</u>
Fixed charges:							
Interest and debt expense including capitalized interest	\$ 263	\$ 207	\$ 285	\$ 257	\$ 269	\$ 254	\$ 384 ^(c)
Portion of lease rentals representative of the interest factor	47	52	63	52	60	58	57
Total fixed charges	<u>\$ 310</u>	<u>\$ 259</u>	<u>\$ 348</u>	<u>\$ 309</u>	<u>\$ 329</u>	<u>\$ 312</u>	<u>\$ 441</u>
Ratio of earnings to fixed charges	(3.45)	(12.65)	(28.69)	(0.75)	19.83	14.26	15.93
Insufficient coverage	<u>(1,379) ^(d)</u>	<u>(3,540) ^(d)</u>	<u>(10,333)</u>	<u>(540)</u>			

Note: Results of California Resources Corporation have been reflected as discontinued operations for all periods presented.

- (a) The 2016 amount includes a \$78 million dollar after-tax impairment charge related to the special stock dividend of California Resources shares in the first quarter, a \$103 million dollar after-tax charge related to terminated crude oil supply agreements, and a \$61 million dollar impairment charge related to the sell of Occidental's Libya operations. The 2015 amounts includes a \$1.3 billion dollar after-tax charge for domestic asset impairments and other related items, a \$1.5 billion dollar after-tax charge for foreign asset impairments and other related items, a \$63 million dollar after-tax gain on sale of an idled chemical site, a \$96 million dollar after-tax charge for cost associated with severance, the California Resources Corporation spin-off and other charges.
- (b) Represents adjustments to arrive at distributed income from equity investees.
- (c) Excludes a pre-tax charge of \$163 million for the early redemption of debt.
- (d) The 2016 and 2015 third quarter ratio of earnings to fixed charges excluding certain items (a) were (2.67) and (1.94), respectively.

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

I, Vicki A. Hollub, 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: November 1, 2016

/s/ Vicki A. Hollub

Vicki A. Hollub

President and Chief Executive Officer

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

I, Christopher G. Stavros, 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: November 1, 2016

/s/ Christopher G. Stavros

Christopher G. Stavros

Senior 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 September 30, 2016, as filed with the Securities and Exchange Commission on November 1, 2016 (the "Report"), Vicki A. Hollub, as Chief Executive Officer of the Company, and Christopher G. Stavros, 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 her or 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/ Vicki A. Hollub

Name: Vicki A. Hollub
Title: President and Chief Executive Officer
Date: November 1, 2016

/s/ Christopher G. Stavros

Name: Christopher G. Stavros
Title: Senior Vice President and Chief Financial Officer
Date: November 1, 2016

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.