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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **October 18, 2006**

**OCCIDENTAL PETROLEUM CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-9210**  
(Commission  
File Number)

**95-4035997**  
(I.R.S. Employer  
Identification No.)

**10889 Wilshire Boulevard**  
**Los Angeles, California**  
(Address of principal executive offices)

**90024**  
(ZIP code)

Registrant's telephone number, including area code:  
**(310) 208-8800**

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Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Section 2 – Financial Information

### Item 2.02. Results of Operations and Financial Condition

On October 18, 2006, Occidental Petroleum Corporation released information regarding its results of operations for the three and nine months ended September 30, 2006. The exhibits to this Form 8-K and the information set forth in this Item 2.02 are being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The full text of the press release is attached to this report as Exhibit 99.1. The full text of the speech given by Stephen I. Chazen is attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3. Earnings Conference Call Slides are attached to this report as Exhibit 99.4.

## Section 8 – Other Events

### Item 8.01. Other Events

On October 18, 2006, Occidental Petroleum Corporation announced core earnings for the third quarter 2006 were \$1.159 billion (\$1.35 per diluted share), compared with \$1.004 billion (\$1.22 per diluted share) for the same period in 2005. See the attached schedule for a reconciliation of net income to core earnings.

Net income for the third quarter 2006 was \$1.168 billion (\$1.36 per diluted share), compared with \$1.747 billion (\$2.12 per diluted share) for the third quarter 2005.

The third quarter 2005 core income of \$1.004 billion excludes a \$463 million after-tax gain resulting from the sale of an equity investment, a \$335 million tax benefit due to the reversal of tax reserves no longer required and a \$98 million after-tax charge from the write-off of certain chemical plants.

### QUARTERLY RESULTS

#### Oil and Gas

Oil and gas segment earnings were \$1.877 billion for the third quarter 2006, a 15 percent increase from the \$1.638 billion segment earnings for the third quarter 2005. The improvement in the third quarter 2006 earnings reflected a \$273 million increase from higher worldwide crude oil prices, a \$141 million increase from higher production, partially offset by higher operating expenses, increased DD&A rates, and higher exploration expense.

The average price for West Texas Intermediate crude oil in the third quarter 2006 was \$70.53 per barrel compared to \$63.19 per barrel in the third quarter 2005. Occidental's realized price for worldwide crude oil was \$60.52 per barrel for the third quarter 2006, compared with \$55.97 per barrel for the third quarter 2005. The average price for NYMEX gas in the third quarter 2006 was \$6.33 per MMCF, compared with \$7.09 per MMCF in the third quarter 2005. Domestic realized gas prices decreased from \$6.33 per MMCF in the third quarter 2005 to \$5.88 per MMCF for the third quarter 2006.

#### Production

For the third quarter, oil and gas daily production from continuing operations averaged 587,000 barrels of oil equivalent (BOE), a 71,000 BOE increase over the 516,000 equivalent barrels per day produced in the third quarter 2005.

### Chemicals

Chemical third quarter 2006 core earnings were \$247 million and third quarter 2005 core earnings were \$167 million, after excluding charges for write-off of plants and hurricane related insurance charges. See the attached schedule for a reconciliation of segment earnings to core earnings. The improvement in the third quarter 2006 results was due to increased chlor-alkali volumes and higher margins in all chlorovinyls products. Chemical segment earnings were \$247 million for the third quarter 2006, compared with \$3 million for the third quarter 2005.

### NINE-MONTHS RESULTS

Core earnings were \$3.514 billion (\$4.07 per diluted share) for the first nine months of 2006, compared with \$2.616 billion (\$3.20 per diluted share) for the same period in 2005. See the attached schedule for a reconciliation of net income to core earnings.

For the first nine months of 2006, net income was \$3.254 billion (\$3.77 per diluted share), compared with \$4.129 billion (\$5.06 per diluted share) for the first nine months of 2005.

### Oil and Gas

Oil and gas segment earnings were \$5.740 billion for the first nine months of 2006, a 38 percent increase over the \$4.172 billion segment earnings for the first nine months of 2005. The improvement in the nine months 2006 earnings was due to record crude oil and higher natural gas prices and higher production, partially offset by higher operating expenses and increased DD&A rates.

The average price for West Texas Intermediate crude oil in the first nine months of 2006 was \$68.24 per barrel compared to \$55.40 per barrel in the nine months of 2005. Occidental's realized price for worldwide crude oil was \$58.41 per barrel for the nine months of 2006, compared with \$48.24 per barrel for the same period in 2005. The average price for NYMEX gas in the nine months of 2006 was \$8.34 per MMCF, compared with \$6.93 per MMCF in the nine months of 2005. Domestic realized gas prices increased from \$6.16 per MMCF in the nine months of 2005 to \$6.80 per MMCF for the nine months of 2006.

### Production

Worldwide daily production from continuing operations for the nine months of 2006 averaged 596,000 BOE, compared with 519,000 BOE for the nine months of 2005. The increase included eight months of Vintage production at 59,000 BOE per day, which added 53,000 BOE per day to Occidental's year-to-date production and a Libyan increase of 18,000 BOE per day, which reflects nine months production in 2006, compared with one month in 2005.

### Chemicals

Chemical core earnings for the first nine months of 2006 were \$745 million, compared with \$606 million for the same period of 2005, after excluding the same charges discussed in the third quarter analysis above. See the attached schedule for a reconciliation of segment earnings to core earnings. The improvement in the nine months 2006 results was due to higher chlor-alkali volumes and higher margins in all chlorovinyl products. Chemical segment earnings were \$745 million for the first nine months of 2006, compared with \$442 million for the same 2005 period.

Statements in this presentation that contain words such as "will", "expect" or "estimate," or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: exploration risks, such as drilling of unsuccessful wells; global commodity pricing fluctuations and supply/demand considerations for oil, gas and chemicals; higher-than-expected costs; political risk; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. You should not place undue reliance on these forward-looking statements which speak only as of the date of this presentation. 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. U.S. investors are urged to consider carefully the disclosure in our Form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.

**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

(\$ millions, except per-share amounts)	Third Quarter		Nine Months	
	2006	2005	2006	2005
<b>SEGMENT NET SALES</b>				
Oil and Gas	\$ 3,207	\$ 2,617	\$ 9,624	\$ 6,926
Chemical	1,265	1,190	3,779	3,379
Other	50	50	114	110
Net sales	<u>\$ 4,522</u>	<u>\$ 3,857</u>	<u>\$ 13,517</u>	<u>\$ 10,415</u>
<b>SEGMENT EARNINGS</b>				
Oil and Gas	\$ 1,877	\$ 1,638	\$ 5,740	\$ 4,172
Chemical	247	3	745	442
	<u>2,124</u>	<u>1,641</u>	<u>6,485</u>	<u>4,614</u>
<b>Unallocated Corporate Items</b>				
Interest expense, net (a)	(18)	(70)	(80)	(178)
Income taxes (b)	(885)	(574)	(2,672)	(1,184)
Other (c)	<u>(62)</u>	<u>660</u>	<u>(219)</u>	<u>682</u>
<b>Income from Continuing Operations</b>	<b>1,159</b>	<b>1,657</b>	<b>3,514</b>	<b>3,934</b>
Discontinued operations, net (d)	9	87	(260)	192
Cumulative effect of accounting changes, net	—	3	—	3
<b>NET INCOME</b>	<u><b>\$ 1,168</b></u>	<u><b>\$ 1,747</b></u>	<u><b>\$ 3,524</b></u>	<u><b>\$ 4,129</b></u>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.36	\$ 2.05	\$ 4.11	\$ 4.89
Discontinued operations, net (d)	0.01	0.11	(0.30)	0.24
	<u>\$ 1.37</u>	<u>\$ 2.16</u>	<u>\$ 3.81</u>	<u>\$ 5.13</u>
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.35	\$ 2.01	\$ 4.07	\$ 4.82
Discontinued operations, net (d)	0.01	0.11	(0.30)	0.24
	<u>\$ 1.36</u>	<u>\$ 2.12</u>	<u>\$ 3.77</u>	<u>\$ 5.06</u>
<b>AVERAGE COMMON SHARES OUTSTANDING</b>				
<b>BASIC</b>	<u>852.8</u>	<u>808.5</u>	<u>854.2</u>	<u>804.8</u>
<b>DILUTED</b>	<u>860.3</u>	<u>822.4</u>	<u>863.0</u>	<u>816.5</u>

See footnotes on following page.

- (a) The nine months 2006 includes \$4 million pre-tax interest charges to purchase various debt issues in the open market. Interest charges to purchase various debt issues in 2005 were \$41 million for the nine months, which included \$30 million in the third quarter.
- (b) The third quarter 2005 includes a \$335 million tax benefit due to the reversal of tax reserves no longer required. The nine months 2005 also includes a \$619 million tax benefit resulting from a closing agreement with the U.S. Internal Revenue Service (IRS) resolving certain tax issues, and a \$10 million tax charge related to a state income tax issue.
- (c) The third quarter 2005 includes a \$726 million pre-tax gain from Valero's acquisition of Premcor and the subsequent sale of Valero shares received. The nine months 2005 also includes a \$140 million pre-tax gain from the sale of 11 million shares of Lyondell Chemical Company.
- (d) In the second quarter 2006, Ecuador's Minister of Energy terminated Occidental's contract for the operation of Block 15 and the Government of Ecuador seized Occidental's Block 15 assets shortly thereafter. As a result of the seizure, Occidental has classified its Block 15 operations as discontinued operations on a retrospective application basis. The nine months 2006 discontinued operations also includes income from the Vintage properties that were held for sale.

**SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE**

(\$ millions)	Third Quarter		Nine Months	
	2006	2005	2006	2005
<b>CAPITAL EXPENDITURES</b>	<b>\$ 750</b>	<b>\$ 585</b>	<b>\$ 1,992</b>	<b>\$ 1,583</b>
<b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b>	<b>\$ 524</b>	<b>\$ 362</b>	<b>\$ 1,477</b>	<b>\$ 1,035</b>

SUMMARY OF OPERATING STATISTICS

	Third Quarter		Nine Months	
	2006	2005	2006	2005
<b>NET OIL, GAS AND LIQUIDS</b>				
<b>PRODUCTION PER DAY</b>				
United States				
Crude oil and liquids (MBBL)				
California	84	73	83	75
Permian	168	165	167	156
Horn Mountain	10	10	12	13
Hugoton and other	3	3	3	4
Total	265	251	265	248
Natural Gas (MMCF)				
California	255	239	254	240
Hugoton and other	139	133	137	131
Permian	198	186	194	167
Horn Mountain	5	6	8	9
Total	597	564	593	547
Latin America				
Crude oil (MBBL)				
Argentina	37	—	33	—
Colombia	33	38	35	35
Total	70	38	68	35
Natural Gas (MMCF)				
Argentina	19	—	18	—
Bolivia	16	—	16	—
Total	35	—	34	—
Middle East/North Africa				
Crude oil (MBBL)				
Oman	17	12	17	18
Qatar	41	42	43	43
Yemen	27	23	30	29
Libya	15	9	21	3
Total	100	86	111	93
Natural Gas (MMCF)				
Oman	35	35	32	51
Other Eastern Hemisphere				
Crude oil (MBBL)				
Pakistan	5	5	4	5
Natural Gas (MMCF)				
Pakistan	75	81	77	77
<b>Barrels of Oil Equivalent (MBOE)</b>				
Subtotal consolidated subsidiaries	564	493	571	494
Other Interests				
Colombia-minority interest	(4)	(5)	(4)	(4)
Russia-Occidental net interest	25	27	27	27
Yemen-Occidental net interest	2	1	2	2
<b>Total Worldwide Production (MBOE)</b>	<b>587</b>	<b>516</b>	<b>596</b>	<b>519</b>

## **SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS**

Occidental's results of operations often include the effects of significant transactions and events affecting earnings that vary widely and unpredictably in nature, timing and amount. Therefore, management uses a measure called "core earnings", which excludes those items. This non-GAAP measure is not meant to disassociate those items from management's performance, but rather is meant to provide useful information to investors interested in comparing Occidental's earnings performance between periods. Reported earnings are considered representative of management's performance over the long term. Core earnings is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

The following tables set forth the core earnings and significant items affecting earnings for each operating segment and corporate:



## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

(\$ millions, except per-share amounts)	2006		2005	
		Diluted EPS		Third Quarter Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 1,168</b>	<b>\$ 1.36</b>	<b>\$ 1,747</b>	<b>\$ 2.12</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 1,877		\$ 1,638	
Less:				
Hurricane insurance charge	-		(9)	
Segment Core Earnings	<u>1,877</u>		<u>1,647</u>	
<b>Chemicals</b>				
Segment Earnings	247		3	
Less:				
Write-off of plants	-		(159)	
Hurricane insurance charge	-		(5)	
Segment Core Earnings	<u>247</u>		<u>167</u>	
<b>Total Segment Core Earnings</b>	<u>2,124</u>		<u>1,814</u>	
<b>Corporate</b>				
Corporate Results -				
Non Segment*	(956)		106	
Less:				
Gain on sale of Premcor-Valero shares	-		726	
Reversal of tax reserves	-		335	
Debt purchase expense	-		(30)	
Equity investment impairment	-		(15)	
Equity investment hurricane insurance charge	-		(2)	
Hurricane insurance charge	-		(10)	
Tax effect of pre-tax adjustments	-		(178)	
Discontinued operations, net**	9		87	
Cumulative effect of accounting changes, net**	-		3	
Corporate Core Results -				
Non Segment	(965)		(810)	
<b>TOTAL CORE EARNINGS</b>	<b>\$ 1,159</b>	<b>\$ 1.35</b>	<b>\$ 1,004</b>	<b>\$ 1.22</b>

\*Interest expense, income taxes, G&A expense and other, and non-core items.

\*\*Amounts shown after tax.

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

(\$ millions, except per-share amounts)	2006		2005	
		Diluted EPS		Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 3,254</b>	<b>\$ 3.77</b>	<b>\$ 4,129</b>	<b>\$ 5.06</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 5,740		\$ 4,172	
Less:				
Contract settlement	-		(26)	
Hurricane insurance charge	-		(9)	
Segment Core Earnings	<u>5,740</u>		<u>4,207</u>	
<b>Chemicals</b>				
Segment Earnings	745		442	
Less:				
Write-off of plants	-		(159)	
Hurricane insurance charge	-		(5)	
Segment Core Earnings	<u>745</u>		<u>606</u>	
<b>Total Segment Core Earnings</b>	<u>6,485</u>		<u>4,813</u>	
<b>Corporate</b>				
Corporate Results -				
Non Segment*	(3,231)		(485)	
Less:				
Debt purchase expense	-		(41)	
Gain on sale of Lyondell shares	-		140	
Gain on sale of Premcor-Valero shares	-		726	
State tax issue charge	-		(10)	
Settlement of federal tax issues	-		619	
Reversal of tax reserves	-		335	
Equity investment impairment	-		(15)	
Equity investment hurricane insurance charge	-		(2)	
Hurricane insurance charge	-		(10)	
Tax effect of pre-tax adjustments	-		(225)	
Discontinued operations, net**	(260)		192	
Cumulative effect of accounting changes, net**	-		3	
Corporate Core Results -				
Non Segment	<u>(2,971)</u>		<u>(2,197)</u>	
<b>TOTAL CORE EARNINGS</b>	<u>\$ 3,514</u>	<u>\$ 4.07</u>	<u>\$ 2,616</u>	<u>\$ 3.20</u>

\*Interest expense, income taxes, G&A expense and other, and non-core items.

\*\*Amounts shown after tax.

SIGNATURE

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 hereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION  
(Registrant)

DATE: October 18, 2006

/s/ Jim A. Leonard

Jim A. Leonard, Vice President and Controller  
(Principal Accounting and Duly Authorized Officer)

## EXHIBIT INDEX

- 99.1 Press release dated October 18, 2006.
- 99.2 Full text of speech given by Stephen I. Chazen.
- 99.3 Investor Relations Supplemental Schedules.
- 99.4 Earnings Conference Call Slides.



13889 Wilshire Boulevard, Los Angeles, California 90024 (310) 208-4800

For Immediate Release: October 18, 2006

Occidental Petroleum Announces Third Quarter Earnings

LOS ANGELES -- Occidental Petroleum Corporation (NYSE: OXY) announced core earnings for the third quarter 2006 were \$1.159 billion (\$1.35 per diluted share), compared with \$1.004 billion (\$1.22 per diluted share) for the same period in 2005. See the attached schedule for a reconciliation of net income to core earnings.

Net income for the third quarter 2006 was \$1.168 billion (\$1.36 per diluted share), compared with \$1.747 billion (\$2.12 per diluted share) for the third quarter 2005.

In announcing the results, Dr. Ray R. Irani, chairman, president and chief executive officer, said, "Our continuing focus on expanding and strengthening operations in our core businesses was a key factor in the 15 percent increase in our core earnings compared to last year's third quarter results. Our success in growing combined oil and gas production by 14 percent compared to the same period a year ago, along with sharply higher crude oil prices and a strong performance from our chemicals business, were key drivers in our financial performance for the quarter. Oil and gas production averaged 587,000 barrels of oil equivalent per day for the quarter and an all-time high for nine months of 596,000 equivalent barrels per day. Strong production growth and robust energy prices helped propel Oil and Gas segment earnings to an historic nine month high. In addition, our Chemical segment's earnings were the highest for any nine month period in more than a decade."

The third quarter 2005 core income of \$1.004 billion excludes a \$463 million after-tax gain resulting from the sale of an equity investment, a \$335 million tax benefit due to the

reversal of tax reserves no longer required and a \$98 million after-tax charge from the write-off of certain chemical plants.

## **QUARTERLY RESULTS**

### **Oil and Gas**

Oil and gas segment earnings were \$1.877 billion for the third quarter 2006, a 15 percent increase from the \$1.638 billion segment earnings for the third quarter 2005. The improvement in the third quarter 2006 earnings reflected a \$273 million increase from higher worldwide crude oil prices, a \$141 million increase from higher production, partially offset by higher operating expenses, increased DD&A rates, and higher exploration expense.

The average price for West Texas Intermediate crude oil in the third quarter 2006 was \$70.53 per barrel compared to \$63.19 per barrel in the third quarter 2005. Occidental's realized price for worldwide crude oil was \$60.52 per barrel for the third quarter 2006, compared with \$55.97 per barrel for the third quarter 2005. The average price for NYMEX gas in the third quarter 2006 was \$6.33 per MCF, compared with \$7.09 per MCF in the third quarter 2005. Domestic realized gas prices decreased from \$6.33 per MCF in the third quarter 2005 to \$5.88 per MCF for the third quarter 2006.

### **Production**

For the third quarter, oil and gas daily production from continuing operations averaged 587,000 barrels of oil equivalent (BOE), a 71,000 BOE increase over the 516,000 equivalent barrels per day produced in the third quarter 2005.

### **Chemicals**

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reconciliation of segment earnings to core earnings. The improvement in the third quarter 2006 results was due to increased chlor-alkali volumes and higher margins in all chlorovinyls products. Chemical segment earnings were \$247 million for the third quarter 2006, compared with \$3 million for the third quarter 2005.

#### **NINE-MONTHS RESULTS**

Core earnings were \$3.514 billion (\$4.07 per diluted share) for the first nine months of 2006, compared with \$2.616 billion (\$3.20 per diluted share) for the same period in 2005. See the attached schedule for a reconciliation of net income to core earnings.

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### **Production**

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### **Chemicals**

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310-443-6562  
Christopher G. Stavros (investors)  
212-603-8184  
For further analysis of Occidental's quarterly performance, please visit the web site: [www.oxy.com](http://www.oxy.com)

**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

(\$ millions, except per-share amounts)	Third Quarter		Nine Months	
	2006	2005	2006	2005
<b>SEGMENT NET SALES</b>				
Oil and Gas	\$ 3,207	\$ 2,617	\$ 9,624	\$ 6,926
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<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.36	\$ 2.05	\$ 4.11	\$ 4.89
Discontinued operations, net (d)	0.01	0.11	(0.30)	0.24
	<u>\$ 1.37</u>	<u>\$ 2.16</u>	<u>\$ 3.81</u>	<u>\$ 5.13</u>
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.35	\$ 2.01	\$ 4.07	\$ 4.82
Discontinued operations, net (d)	0.01	0.11	(0.30)	0.24
	<u>\$ 1.36</u>	<u>\$ 2.12</u>	<u>\$ 3.77</u>	<u>\$ 5.06</u>
<b>AVERAGE COMMON SHARES OUTSTANDING</b>				
<b>BASIC</b>	<u>852.8</u>	<u>808.5</u>	<u>854.2</u>	<u>804.8</u>
<b>DILUTED</b>	<u>860.3</u>	<u>822.4</u>	<u>863.0</u>	<u>816.5</u>

See footnotes on following page.

- (a) The nine months 2006 includes \$4 million pre-tax interest charges to purchase various debt issues in the open market. Interest charges to purchase various debt issues in 2005 were \$41 million for the nine months, which included \$30 million in the third quarter.
- (b) The third quarter 2005 includes a \$335 million tax benefit due to the reversal of tax reserves no longer required. The nine months 2005 also includes a \$619 million tax benefit resulting from a closing agreement with the U.S. Internal Revenue Service (IRS) resolving certain tax issues, and a \$10 million tax charge related to a state income tax issue.
- (c) The third quarter 2005 includes a \$726 million pre-tax gain from Valero's acquisition of Premcor and the subsequent sale of Valero shares received. The nine months 2005 also includes a \$140 million pre-tax gain from the sale of 11 million shares of Lyondell Chemical Company.
- (d) In the second quarter 2006, Ecuador's Minister of Energy terminated Occidental's contract for the operation of Block 15 and the Government of Ecuador seized Occidental's Block 15 assets shortly thereafter. As a result of the seizure, Occidental has classified its Block 15 operations as discontinued operations on a retrospective application basis. The nine months 2006 discontinued operations also includes income from the Vintage properties that were held for sale.

**SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE**

(\$ millions)	Third Quarter		Nine Months	
	2006	2005	2006	2005
<b>CAPITAL EXPENDITURES</b>	<b>\$ 750</b>	<b>\$ 585</b>	<b>\$ 1,992</b>	<b>\$ 1,583</b>
<b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b>	<b>\$ 524</b>	<b>\$ 362</b>	<b>\$ 1,477</b>	<b>\$ 1,035</b>

**SUMMARY OF OPERATING STATISTICS**

	Third Quarter		Nine Months	
	2006	2005	2006	2005
<b>NET OIL, GAS AND LIQUIDS</b>				
<b>PRODUCTION PER DAY</b>				
United States				
Crude oil and liquids (MBBL)				
California	84	73	83	75
Permian	168	165	167	156
Horn Mountain	10	10	12	13
Hugoton and other	3	3	3	4
Total	265	251	265	248
Natural Gas (MMCF)				
California	255	239	254	240
Hugoton and other	139	133	137	131
Permian	198	186	194	167
Horn Mountain	5	6	8	9
Total	597	564	593	547
Latin America				
Crude oil (MBBL)				
Argentina	37	—	33	—
Colombia	33	38	35	35
Total	70	38	68	35
Natural Gas (MMCF)				
Argentina	19	—	18	—
Bolivia	16	—	16	—
Total	35	—	34	—
Middle East/North Africa				
Crude oil (MBBL)				
Oman	17	12	17	18
Qatar	41	42	43	43
Yemen	27	23	30	29
Libya	15	9	21	3
Total	100	86	111	93
Natural Gas (MMCF)				
Oman	35	35	32	51
Other Eastern Hemisphere				
Crude oil (MBBL)				
Pakistan	5	5	4	5
Natural Gas (MMCF)				
Pakistan	75	81	77	77
<b>Barrels of Oil Equivalent (MBOE)</b>				
Subtotal consolidated subsidiaries	564	493	571	494
Other Interests				
Colombia-minority interest	(4)	(5)	(4)	(4)
Russia-Occidental net interest	25	27	27	27
Yemen-Occidental net interest	2	1	2	2
<b>Total Worldwide Production (MBOE)</b>	<b>587</b>	<b>516</b>	<b>596</b>	<b>519</b>

## **SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS**

Occidental's results of operations often include the effects of significant transactions and events affecting earnings that vary widely and unpredictably in nature, timing and amount. Therefore, management uses a measure called "core earnings", which excludes those items. This non-GAAP measure is not meant to disassociate those items from management's performance, but rather is meant to provide useful information to investors interested in comparing Occidental's earnings performance between periods. Reported earnings are considered representative of management's performance over the long term. Core earnings is not considered to be an alternative to operating income in accordance with generally accepted accounting principles.

The following tables set forth the core earnings and significant items affecting earnings for each operating segment and corporate:

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

(\$ millions, except per-share amounts)	2006		2005	
		Diluted EPS		Third Quarter Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 1,168</b>	<b>\$ 1.36</b>	<b>\$ 1,747</b>	<b>\$ 2.12</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 1,877		\$ 1,638	
Less:				
Hurricane insurance charge	-		(9)	
Segment Core Earnings	<u>1,877</u>		<u>1,647</u>	
<b>Chemicals</b>				
Segment Earnings	247		3	
Less:				
Write-off of plants	-		(159)	
Hurricane insurance charge	-		(5)	
Segment Core Earnings	<u>247</u>		<u>167</u>	
<b>Total Segment Core Earnings</b>	<u>2,124</u>		<u>1,814</u>	
<b>Corporate</b>				
Corporate Results -				
Non Segment*	(956)		106	
Less:				
Gain on sale of Premcor-Valero shares	-		726	
Reversal of tax reserves	-		335	
Debt purchase expense	-		(30)	
Equity investment impairment	-		(15)	
Equity investment hurricane insurance charge	-		(2)	
Hurricane insurance charge	-		(10)	
Tax effect of pre-tax adjustments	-		(178)	
Discontinued operations, net**	9		87	
Cumulative effect of accounting changes, net**	-		3	
Corporate Core Results -				
Non Segment	(965)		(810)	
<b>TOTAL CORE EARNINGS</b>	<b>\$ 1,159</b>	<b>\$ 1.35</b>	<b>\$ 1,004</b>	<b>\$ 1.22</b>

\*Interest expense, income taxes, G&A expense and other, and non-core items.

\*\*Amounts shown after tax.

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

(\$ millions, except per-share amounts)	2006		2005	
		Diluted EPS		Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 3,254</b>	<b>\$ 3.77</b>	<b>\$ 4,129</b>	<b>\$ 5.06</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 5,740		\$ 4,172	
Less:				
Contract settlement	-		(26)	
Hurricane insurance charge	-		(9)	
Segment Core Earnings	<u>5,740</u>		<u>4,207</u>	
<b>Chemicals</b>				
Segment Earnings	745		442	
Less:				
Write-off of plants	-		(159)	
Hurricane insurance charge	-		(5)	
Segment Core Earnings	<u>745</u>		<u>606</u>	
<b>Total Segment Core Earnings</b>	<u><b>6,485</b></u>		<u><b>4,813</b></u>	
<b>Corporate</b>				
Corporate Results -				
Non Segment*	(3,231)		(485)	
Less:				
Debt purchase expense	-		(41)	
Gain on sale of Lyondell shares	-		140	
Gain on sale of Premcor-Valero shares	-		726	
State tax issue charge	-		(10)	
Settlement of federal tax issues	-		619	
Reversal of tax reserves	-		335	
Equity investment impairment	-		(15)	
Equity investment hurricane insurance charge	-		(2)	
Hurricane insurance charge	-		(10)	
Tax effect of pre-tax adjustments	-		(225)	
Discontinued operations, net**	(260)		192	
Cumulative effect of accounting changes, net**	-		3	
Corporate Core Results -				
Non Segment	<u>(2,971)</u>		<u>(2,197)</u>	
<b>TOTAL CORE EARNINGS</b>	<u><b>\$ 3,514</b></u>	<u><b>\$ 4.07</b></u>	<u><b>\$ 2,616</b></u>	<u><b>\$ 3.20</b></u>

\*Interest expense, income taxes, G&amp;A expense and other, and non-core items.

\*\*Amounts shown after tax.

**Occidental Petroleum Corporation****STEPHEN CHAZEN****Senior Executive Vice President and Chief Financial Officer****– Conference Call –****Third Quarter 2006 Earnings Announcement*****October 18, 2006***

Los Angeles, California

Core income for the third quarter was \$1.159 billion, or \$1.35 per diluted share. That represents an increase of 15 percent compared to last year's third quarter. Last year's third quarter excludes a \$463 million after-tax gain from the sale of an equity investment, a \$335 million tax benefit from the reversal of reserves no longer required and a \$98 million after-tax charge for the write-off of certain chemical assets.

Net income for the third quarter was \$1.168 billion, or \$1.36 per diluted share, compared to \$1.747 billion, or \$2.12 per diluted share, in last year's third quarter.

Our strong performance was driven by three items - higher oil prices, higher combined oil and gas volumes and improved chemical earnings.

Here's the segment breakdown for the **third quarter**.

- Oil and gas segment earnings were \$1.877 billion. This was 15 percent higher than last year's third quarter segment earnings of \$1.638 billion.
- This year's oil and gas results were driven by higher oil prices and higher combined oil and gas volumes that were partially offset by higher operating costs, increased DD&A rates and higher exploration costs.



- The average price of West Texas Intermediate for the quarter rose to \$70.53 per barrel compared to \$63.19 per barrel in last year's third quarter. Oxy's average worldwide realized oil price for the quarter was \$60.52 per barrel compared to \$55.97 per barrel in last year's third quarter, which represents an increase of 9 percent.
- NYMEX gas prices for the quarter averaged \$6.33 per million cubic feet, compared to \$7.09 for last year. Our average domestic realized gas price declined to \$5.88 per MMCF, compared to last year's \$6.33.
- Oil and gas production for the quarter of 587,000 equivalent barrels per day was 71,000 barrels higher than it was a year ago. That represents a 14 percent increase.
- During our last conference call, we said we expected third quarter worldwide oil and gas production to be about the same as the 609,000 equivalent barrels per day we averaged during the second quarter.
- The lower than projected production was caused primarily by one less Libyan lifting than anticipated which reduced production by 12,000 barrels per day and maintenance for the Horn Mountain, Qatar and Argentina operations which lowered production by 6,000 barrels per day.
- Exploration costs for the quarter were \$74 million which is in line with our guidance last quarter of \$70 million.
- The chemical segment's core earnings were \$247 million compared to third quarter 2005 earnings of \$167 million. Last year's core earnings excluded \$164 million of pre-tax charges, including \$159 million for plant write-offs and \$5 million for hurricane related increases in insurance costs.

- Our net interest expense declined to \$18 million for the quarter. This compares to net interest expense for the third quarter of 2005 of \$40 million, excluding \$30 million related to buying back debt.

Let me now turn to Occidental's performance through the **first nine months**.

- Core income was a record \$3.514 billion, or \$4.07 per diluted share. This represents an increase of 34 percent from the \$2.616 billion, or \$3.20 per diluted share, of core income for the first nine months last year.
- Over the nine months, Oxy's annualized return on equity was 26 percent, and our annualized return on capital employed was 22 percent.
- Oil and gas segment earnings were a record \$5.74 billion, which is 38 percent higher than the \$4.172 billion earned during the first nine months in 2005.
- Oil and gas production for the first nine months averaged 596,000 equivalent barrels per day. That's 15 percent higher than the 519,000 equivalent barrels per day we averaged during the comparable period last year.
- The increase includes 59,000 equivalent barrels per day for the eight months that we have owned the former Vintage properties. The Vintage production averages out to 53,000 equivalent barrels per day for the nine months.
- Libyan production added an average of 18,000 barrels per day for the nine months, compared to one month of Libyan production during the first nine months of 2005.

- WTI averaged \$68.24 per barrel compared with \$55.40 for the comparable period last year, which represents an increase of 23 percent. Occidental's realized oil price was \$58.41 per barrel compared to \$48.24 per barrel in 2005, which represents an increase of 21 percent.
- Our oil and gas production costs have increased by approximately \$2.32 per barrel to \$11.13, compared to the average cost of \$8.81 for last year. Approximately 45 percent of the increase was a result of higher energy prices pushing up utility, gas plant, ad valorem and export taxes and CO<sub>2</sub> costs. Higher oil prices also impacted the costs related to production under our production sharing contracts. The gross costs under the PSCs were spread over fewer net barrels. The remaining cost changes were the result of increased workover, maintenance and other costs.
- In chemicals, core earnings were \$745 million. That's an improvement of 23 percent compared to the \$606 million we earned during the first nine months last year. The improvement is due to higher chlor-alkali volumes and higher margins in all chlorovinyl products.
- Our net interest expense for the first nine months declined to \$80 million — compared to \$137 million for the same period last year, excluding debt retirement costs.
- Capital spending was \$750 million for the quarter and nearly \$2 billion for the first nine months.
- Cash flow from operations was \$4.8 billion. We have proceeds of \$1 billion from the sale of Vintage properties and cash flow from these

discontinued operations of \$55 million. We expect to receive additional proceeds of approximately \$60 million from the sale of the remaining assets held for sale. This would bring total proceeds to \$1.12 billion. We used \$2.0 billion of the company's cash flow to fund capital expenditures and \$2.4 billion for acquisitions, the largest of which were the Vintage and Plains acquisitions. We also repaid \$610 million of debt and paid dividends totaling \$460 million. In addition, we spent a total of \$1.3 billion to repurchase 26.7 million common shares at an average price of \$48.22. In the third quarter we repurchased 6.6 million shares, with 67 percent of those purchases occurring in the month of September. These cash outlays reduced our \$2.4 billion cash balance at the end of last year to \$1.4 billion at the end of September.

- The weighted average basic shares outstanding for the first nine months of the year totaled 854.2 million and the weighted average diluted shares outstanding totaled 863.0 million. At September 30, there were 849.2 million shares outstanding and the diluted shares numbered 858.3 million.

As we look ahead in the **current quarter** —

- We expect oil and gas production to be between 610,000 and 620,000 equivalent barrels per day.
  - We expect to get 9,000 equivalent barrels per day from the recently acquired Plains properties; however, due to gas sales lag reporting we will report approximately 7,000 equivalent barrels of production in the fourth quarter.
  - We have two Libyan liftings scheduled for the quarter that are expected to total 2 million barrels, reflecting average production

from Libya for the fourth quarter of approximately 24,000 barrels per day.

With regard to **prices** —

- Each dollar per barrel change in oil prices impacts oil and gas segment fourth quarter earnings by about \$38 million before the impact of foreign income taxes. Therefore, a \$10 reduction in price would reduce oil and gas segment income by \$380 million and the after-tax reduction is expected to be about \$220 million.
- A swing of 25-cents per million BTUs in gas prices has a \$12 million impact on quarterly segment earnings. Our realized domestic gas price in the fourth quarter is expected to be \$5.20 per million cubic feet compared to \$5.88 in the third quarter. This will reduce oil and gas segment income by \$32 million compared to the third quarter.

Additionally —

- Exploration expense for the quarter is estimated to be about \$100 million. The reason for the increase from the third quarter is the higher drilling and seismic activity, largely related to Libya.
- In the chemical business, the fourth quarter is typically the weakest quarter due to seasonal factors and therefore, we expect to earn about \$200 million for the fourth quarter. We expect the chemical segment earnings to be \$945 million for the full year of 2006, which would be their best year in over a decade.
- We expect total capital spending for the year to be approximately \$3.0 billion — with oil and gas accounting for more than 90 percent of the expenditures.

- Fourth quarter interest expense is expected to be approximately \$25 million.
- We expect our worldwide effective tax rate for the fourth quarter to be 44 percent. Both our third quarter and nine months U. S. and foreign tax rates are included in the “Investor Relations Supplemental Schedule”.

Copies of the press release announcing our third quarter earnings and the Investor Relations Supplemental Schedules are available on our website [www.oxy.com](http://www.oxy.com) or through the SEC’s EDGAR system.

Now we’re ready to take your questions.

See the investor relations supplemental schedules for the reconciliation of non-GAAP items. Statements in this presentation that contain words such as "will", "expect" or "estimate", or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: exploration risks, such as drilling of unsuccessful wells; global commodity pricing fluctuations and supply/demand considerations for oil, gas and chemicals; higher-than-expected costs; political risk; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. You should not place undue reliance on these forward-looking statements which speak only as of the date of this presentation. 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. U.S. investors are urged to consider carefully the disclosure in our Form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.

**Occidental Petroleum Corporation**  
**Return on Capital Employed (ROCE)**  
(\$ Millions)

<b>Reconciliation to Generally Accepted Accounting Principles (GAAP)</b>	<b>2004</b>	<b>2005</b>	<b>Nine Months 2006</b>	<b>Annualized 2006</b>
GAAP measure - earnings applicable to common shareholders	2,568	5,281	3,254	
Interest expense	392	201	80	
Tax effect of interest expense	(84)	(70)	(28)	
Earnings before tax-effected interest expense	<u>2,723</u>	<u>5,412</u>	<u>3,306</u>	
 GAAP stockholders' equity	 10,550	 15,032	 18,858	
 DEBT				
GAAP debt				
Debt, including current maturities	3,804	2,919	2,893	
Non-GAAP debt				
Capital lease obligation	26	25	25	
Subsidiary preferred stock	75	75	75	
Total debt	<u>3,905</u>	<u>3,019</u>	<u>2,993</u>	
 Total capital employed	 14,455	 18,051	 21,851	
 <b>Return on Capital Employed (%)</b>	 20.2	 33.3	 16.6	 <b>22.1</b>



**Investor Relations Supplemental Schedules  
Summary  
(\$ millions)**

	<u>3Q 2006</u>	<u>3Q 2005</u>
Reported Net Income	\$ 1,168	\$ 1,747
EPS - Diluted	\$ 1.36	\$ 2.12
Core Net Income	\$ 1,159	\$ 1,004
EPS - Diluted	\$ 1.35	\$ 1.22
Total Worldwide Production (mboe/day)	587	516
Total Worldwide Crude Oil Realizations (\$/BBL)	\$ 60.52	\$ 55.97
Domestic Natural Gas Realizations (\$/MCF)	\$ 5.88	\$ 6.33
Wtd. Average Basic Shares O/S (mm)	852.8	808.5
Wtd. Average Diluted Shares O/S (mm)	860.3	822.4
	<u>YTD 2006</u>	<u>YTD 2005</u>
Reported Net Income	\$ 3,254	\$ 4,129
EPS - Diluted	\$ 3.77	\$ 5.06
Core Net Income	\$ 3,514	\$ 2,616
EPS - Diluted	\$ 4.07	\$ 3.20
Total Worldwide Production (mboe/day)	596	519
Total Worldwide Crude Oil Realizations (\$/BBL)	\$ 58.41	\$ 48.24
Domestic Natural Gas Realizations (\$/MCF)	\$ 6.80	\$ 6.16
Wtd. Average Basic Shares O/S (mm)	854.2	804.8
Wtd. Average Diluted Shares O/S (mm)	863.0	816.5
Shares Outstanding (mm)	849.2	810.3
Cash Flow from Operations	\$ 4,800	\$ 3,700





**OCCIDENTAL PETROLEUM**  
**2006 Third Quarter**  
**Net Income (Loss)**  
**(\$ millions)**

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Earnings</u>
Oil & Gas	\$ 1,877		\$ 1,877
Chemical	247		247
Corporate			
Interest expense, net	(18)		(18)
Other	(62)		(62)
Taxes	(885)		(885)
<b>Income from continuing operations</b>	<u>1,159</u>	<u>—</u>	<u>1,159</u>
Discontinued operations, net of tax	(9)	(9) Discontinued operations, net	—
<b>Net Income</b>	<u>\$ 1,168</u>	<u>\$ (9)</u>	<u>\$ 1,159</u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 1.36		
Discontinued operations, net	<u>0.01</u>		
Net Income	<u>\$ 1.37</u>		<u>\$ 1.36</u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 1.35		
Discontinued operations, net	<u>0.01</u>		
Net Income	<u>\$ 1.36</u>		<u>\$ 1.35</u>



**OCCIDENTAL PETROLEUM**  
**2005 Third Quarter**  
**Net Income (Loss)**  
**(\$ millions)**

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Earnings</u>
Oil & Gas	\$ 1,638	\$ 9 Hurricane insurance charge	\$ 1,647
Chemical	3	159 Write-off of plants 5 Hurricane insurance charge	167
Corporate			
Interest expense, net	(70)	30 Debt purchase expense	(40)
Other	660	(726) Sale of Premcor-Valero shares 10 Hurricane insurance charge 15 Equity investment impairment 2 Equity investment hurricane insurance charge	(39)
Taxes	(574)	(335) Tax reserves 178 Tax effect of adjustments	(731)
<b>Income from continuing operations</b>	<b>1,657</b>	<b>(653)</b>	<b>1,004</b>
Discontinued operations, net of tax	87	(87) Discontinued operations, net	—
Change in accounting principles, net	3	(3) Change in accounting principles	—
<b>Net Income</b>	<b>\$ 1,747</b>	<b>\$ (743)</b>	<b>\$ 1,004</b>

**Basic Earnings Per Common Share**

Income from continuing operations	\$ 2.05	
Discontinued operations, net of tax	0.11	
<b>Net Income</b>	<b>\$ 2.16</b>	<b>\$ 1.24</b>

**Diluted Earnings Per Common Share**

Income from continuing operations	\$ 2.01	
Discontinued operations, net of tax	0.11	
<b>Net Income</b>	<b>\$ 2.12</b>	<b>\$ 1.22</b>



**OCCIDENTAL PETROLEUM**  
**2006 First Nine Months**  
**Net Income (Loss)**  
**(\$ millions)**

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Earnings</u>
Oil & Gas	\$ 5,740		\$ 5,740
Chemical	745		745
Corporate			
Interest expense, net	(80)		(80)
Other	(219)		(219)
Taxes	(2,672)		(2,672)
<b>Income from continuing operations</b>	<u><b>3,514</b></u>	<u>—</u>	<u><b>3,514</b></u>
Discontinued operations, net of tax	(260)	260	—
<b>Net Income</b>	<u><b>\$ 3,254</b></u>	<u><b>\$ 260</b></u>	<u><b>\$ 3,514</b></u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 4.11		
Discontinued operations, net	(0.30)		
Net Income	<u><u>\$ 3.81</u></u>		<u><u>\$ 4.11</u></u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 4.07		
Discontinued operations, net	(0.30)		
Net Income	<u><u>\$ 3.77</u></u>		<u><u>\$ 4.07</u></u>



**OCCIDENTAL PETROLEUM**  
**2005 First Nine Months**  
**Net Income (Loss)**  
**(\$ millions)**

	<u>Reported Income</u>	<u>Significant Items Affecting Income</u>	<u>Core Earnings</u>
Oil & Gas	\$ 4,172	\$ 26 Contract settlement 9 Hurricane insurance charge	\$ 4,207
Chemical	442	159 Write-off of plants 5 Hurricane insurance charge	606
Corporate			
Interest expense, net	(178)	41 Debt purchase expense	(137)
Other	682	(140) Sale of Lyondell shares (726) Sale of Premcor-Valero shares 10 Hurricane insurance charge 15 Equity investment impairment 2 Equity investment hurricane insurance charge	(157)
Taxes	(1,184)	(619) Settlement of federal tax issue (335) Tax reserves 10 State tax issue 225 Tax effect of adjustments	(1,903)
<b>Income from continuing operations</b>	<u><b>3,934</b></u>	<u><b>(1,318)</b></u>	<u><b>2,616</b></u>
Discontinued operations, net of tax	192	(192) Discontinued operations, net	—
Change in accounting principles, net	3	(3) Change in accounting principles	—
<b>Net Income</b>	<u><u><b>\$ 4,129</b></u></u>	<u><u><b>\$ (1,513)</b></u></u>	<u><u><b>\$ 2,616</b></u></u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 4.89		
Discontinued operations, net of tax	0.24		
Net Income	<u><u><b>\$ 5.13</b></u></u>		<u><u><b>\$ 3.25</b></u></u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 4.82		
Discontinued operations, net of tax	0.24		
Net Income	<u><u><b>\$ 5.06</b></u></u>		<u><u><b>\$ 3.20</b></u></u>



**OCCIDENTAL PETROLEUM**  
**Items Affecting Comparability of Core Earnings Between Periods**

The item(s) below are included in core earnings but are shown in this table because they affect the comparability of core earnings between periods.

Pre-tax Income / (Expense)	Third Quarter		Nine Months	
	2006	2005	2006	2005
Corporate Environmental remediation	(8)	(10)	(24)	(29)



**OCCIDENTAL PETROLEUM**  
**Worldwide Effective Tax Rate**

	QUARTERLY			YEAR TO-DATE	
	2006 QTR 3	2006 QTR 2	2005 QTR 3	2006 9 Months	2005 9 Months
<b>REPORTED INCOME</b>					
Oil & Gas (a)	1,877	1,953	1,638	5,740	4,172
Chemicals	247	250	3	745	442
Corporate & other	(80)	(117)	590	(299)	504
Pre-tax income	<u>2,044</u>	<u>2,086</u>	<u>2,231</u>	<u>6,186</u>	<u>5,118</u>
Income tax expense					
Federal and state	435	427	183	1,321	273
Foreign (a)	450	455	391	1,351	911
Total	<u>885</u>	<u>882</u>	<u>574</u>	<u>2,672</u>	<u>1,184</u>
Income from continuing operations	<u><u>1,159</u></u>	<u><u>1,204</u></u>	<u><u>1,657</u></u>	<u><u>3,514</u></u>	<u><u>3,934</u></u>
<b>Worldwide effective tax rate</b>	<b>43%</b>	<b>42%</b>	<b>26%</b>	<b>43%</b>	<b>23%</b>
<b>CORE INCOME</b>					
Oil & Gas (a)	1,877	1,953	1,647	5,740	4,207
Chemicals	247	250	167	745	606
Corporate & other	(80)	(117)	(79)	(299)	(294)
Pre-tax income	<u>2,044</u>	<u>2,086</u>	<u>1,735</u>	<u>6,186</u>	<u>4,519</u>
Income tax expense					
Federal and state	435	427	340	1,321	992
Foreign (a)	450	455	391	1,351	911
Total	<u>885</u>	<u>882</u>	<u>731</u>	<u>2,672</u>	<u>1,903</u>
Core income	<u><u>1,159</u></u>	<u><u>1,204</u></u>	<u><u>1,004</u></u>	<u><u>3,514</u></u>	<u><u>2,616</u></u>
<b>Worldwide effective tax rate</b>	<b>43%</b>	<b>42%</b>	<b>42%</b>	<b>43%</b>	<b>42%</b>

(a) Revenues and income tax expense include taxes owed by Occidental but paid by governmental entities on its behalf. Oil and gas pre-tax income includes the following revenue amounts by periods.

	2006 QTR 3	2006 QTR 2	2005 QTR 3	2006 9 Months	2005 9 Months
	299	282	263	871	676



**OCCIDENTAL PETROLEUM**  
**2006 Third Quarter Net Income (Loss)**  
**Reported Income Comparison**

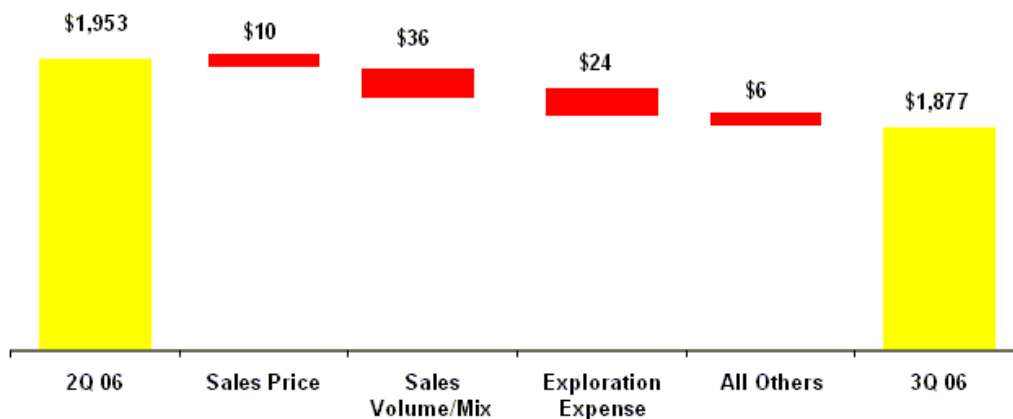
	Third Quarter 2006	Second Quarter 2006	B / (W)
Oil & Gas	\$ 1,877	\$ 1,953	\$ (76)
Chemical	247	250	(3)
Corporate			
Interest expense, net	(18)	(33)	15
Other	(62)	(84)	22
Taxes	(885)	(882)	(3)
Income from continuing operations	1,159	1,204	(45)
Discontinued operations, net	9	(347)	356
Net Income	<u>\$ 1,168</u>	<u>\$ 857</u>	<u>\$ 311</u>
<b>Earnings Per Common Share</b>			
Basic	\$ 1.37	\$ 1.00	\$ 0.37
Diluted	\$ 1.36	\$ 0.99	\$ 0.37
Worldwide Effective Tax Rate	<u>43%</u>	<u>42%</u>	<u>-1%</u>

**OCCIDENTAL PETROLEUM**  
**2006 Third Quarter Net Income (Loss)**  
**Core Earnings Comparison**

	Third Quarter 2006	Second Quarter 2006	B / (W)
Oil & Gas	\$ 1,877	\$ 1,953	\$ (76)
Chemical	247	250	(3)
Corporate			
Interest expense, net	(18)	(33)	15
Other	(62)	(84)	22
Taxes	(885)	(882)	(3)
Net Income	<u>\$ 1,159</u>	<u>\$ 1,204</u>	<u>\$ (45)</u>
<b>Core Earnings Per Common Share</b>			
Basic	\$ 1.36	\$ 1.40	\$ (0.04)
Diluted	\$ 1.35	\$ 1.39	\$ (0.04)
Worldwide Effective Tax Rate	<u>43%</u>	<u>42%</u>	<u>-1%</u>



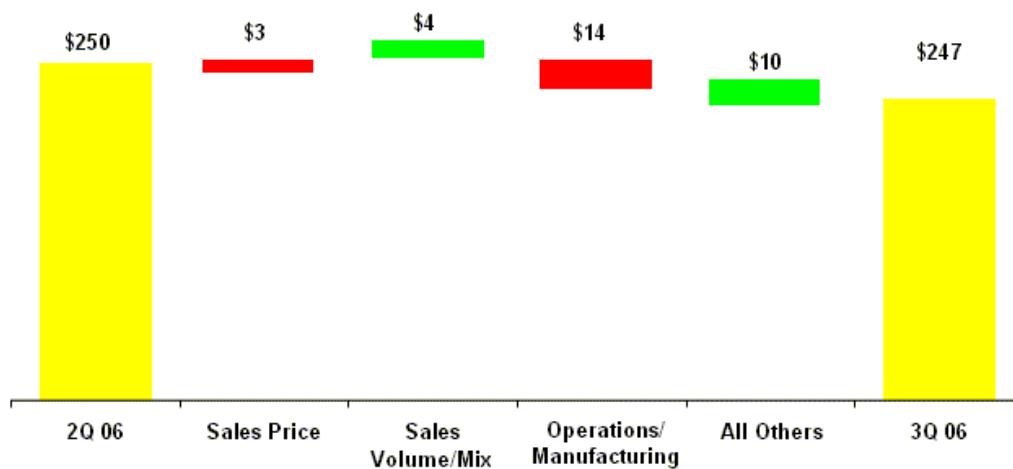
**OCCIDENTAL PETROLEUM**  
Oil & Gas  
Core Earnings Variance Analysis 3Q06 vs. 2Q06  
(\$ millions)



[the following is a tabular representation of graphical materials]

2006 3rd Quarter	\$	1,877
2006 2nd Quarter		1,953
		<u>\$ (76)</u>
Sales Price	\$	(10)
Sales Volume/Mix		(36)
Exploration Expense		(24)
All Others		(6)
	<b>TOTAL VARIANCE</b>	<u><u>\$ (76)</u></u>

**OCCIDENTAL PETROLEUM**  
Chemical  
Core Earnings Variance Analysis 3Q06 vs. 2Q06  
(\$ millions)



[the following is a tabular representation of graphical materials]

2006 3rd Quarter	\$	247
2006 2nd Quarter		250
		<u>\$ (3)</u>
Sales Price	\$	(3)



Sales Volume/Mix			4
Operations/Manufacturing			(14) *
All Others			<u>10</u>
	<b>TOTAL VARIANCE</b>	<b>\$</b>	<b><u>(3)</u></b>

\* Higher feedstock costs



**OCCIDENTAL PETROLEUM**  
**2006 Third Quarter Net Income (Loss)**  
**Reported Income Comparison**

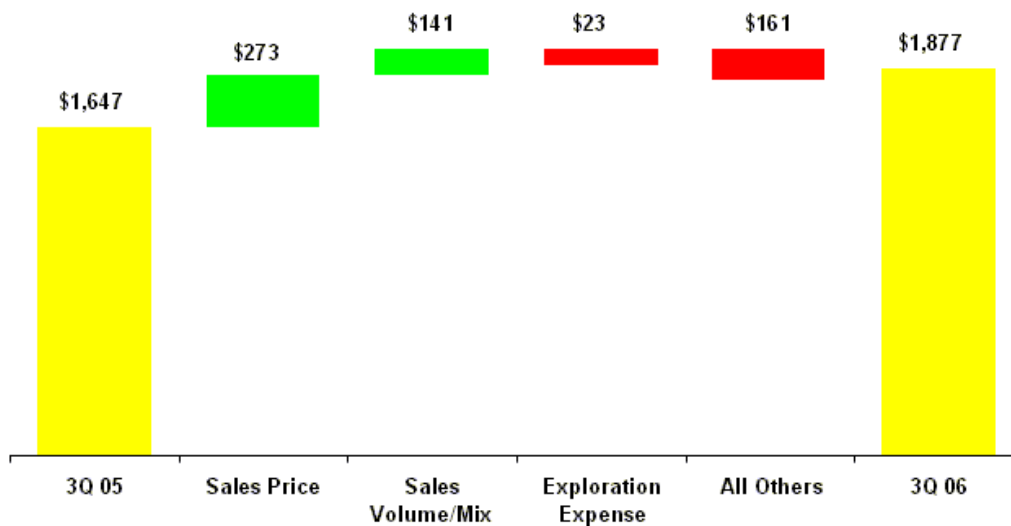
	Third Quarter 2006	Third Quarter 2005	B / (W)
Oil & Gas	\$ 1,877	\$ 1,638	\$ 239
Chemical	247	3	244
Corporate			
Interest expense, net	(18)	(70)	52
Other	(62)	660	(722)
Taxes	(885)	(574)	(311)
Income from continuing operations	1,159	1,657	(498)
Discontinued operations, net	9	87	(78)
Change in accounting principles, net	—	3	(3)
<b>Net Income</b>	<b>\$ 1,168</b>	<b>\$ 1,747</b>	<b>\$ (579)</b>
<b>Earnings Per Common Share</b>			
Basic	\$ 1.37	\$ 2.16	\$ (0.79)
Diluted	\$ 1.36	\$ 2.12	\$ (0.76)
<b>Worldwide Effective Tax Rate</b>	<b>43%</b>	<b>26%</b>	<b>-17%</b>

**OCCIDENTAL PETROLEUM**  
**2006 Third Quarter Net Income (Loss)**  
**Core Earnings Comparison**

	Third Quarter 2006	Third Quarter 2005	B / (W)
Oil & Gas	\$ 1,877	\$ 1,647	\$ 230
Chemical	247	167	80
Corporate			
Interest expense, net	(18)	(40)	22
Other	(62)	(39)	(23)
Taxes	(885)	(731)	(154)
<b>Net Income</b>	<b>\$ 1,159</b>	<b>\$ 1,004</b>	<b>\$ 155</b>
<b>Core Earnings Per Common Share</b>			
Basic	\$ 1.36	\$ 1.24	\$ 0.12
Diluted	\$ 1.35	\$ 1.22	\$ 0.13
<b>Worldwide Effective Tax Rate</b>	<b>43%</b>	<b>42%</b>	<b>-1%</b>



**OCCIDENTAL PETROLEUM**  
Oil & Gas  
Core Earnings Variance Analysis 3Q06 vs. 3Q05  
(\$ millions)

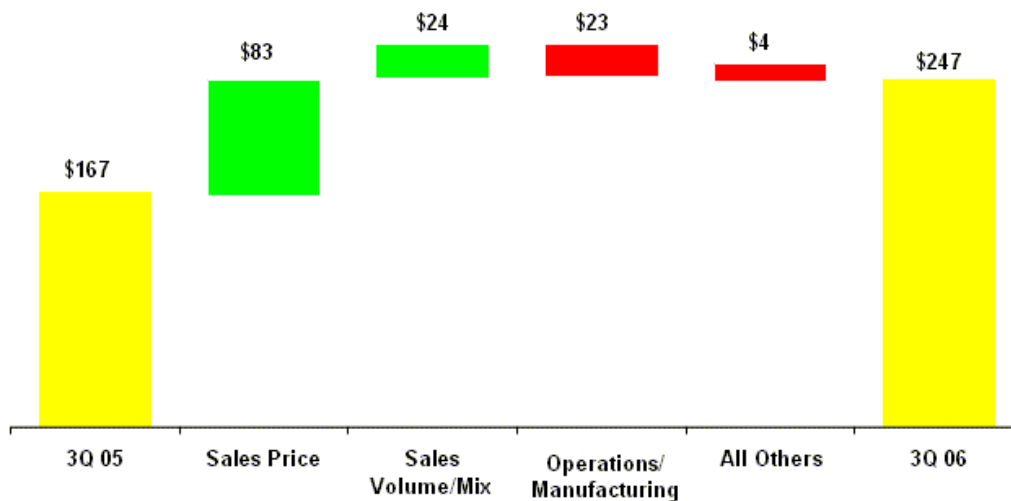


[the following is a tabular representation of graphical materials]

2006 3rd Quarter	\$	1,877
2005 3rd Quarter		<u>1,647</u>
	\$	<u><u>230</u></u>
Sales Price	\$	273
Sales Volume/Mix		141
Exploration Expense		(23)
All Others *		<u>(161)</u>
	<b>TOTAL VARIANCE</b>	<u><u>\$ 230</u></u>

\*DD&A rate increase (72) and higher operating expenses

**OCCIDENTAL PETROLEUM**  
Chemical  
Core Earnings Variance Analysis 3Q06 vs. 3Q05  
(\$ millions)



[the following is a tabular representation of graphical materials]

2006 3rd Quarter	\$	247
		<u>167</u>

2005 3rd Quarter

\$ 80

Sales Price	\$	83
Sales Volume/Mix		24
Operations/Manufacturing		(23) *
All Others		(4)
<b>TOTAL VARIANCE</b>	<b>\$</b>	<b><u>80</u></b>

\* Higher feedstock costs partially offset by lower energy costs



**OCCIDENTAL PETROLEUM**  
**SUMMARY OF OPERATING STATISTICS**

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>NET PRODUCTION PER DAY:</b>				
<b>United States</b>				
<b>Crude Oil and Liquids (MBL)</b>				
California	84	73	83	75
Permian	168	165	167	156
Horn Mountain	10	10	12	13
Hugoton and other	3	3	3	4
<b>Total</b>	<b>265</b>	<b>251</b>	<b>265</b>	<b>248</b>
<b>Natural Gas (MMCF)</b>				
California	255	239	254	240
Hugoton and other	139	133	137	131
Permian	198	186	194	167
Horn Mountain	5	6	8	9
<b>Total</b>	<b>597</b>	<b>564</b>	<b>593</b>	<b>547</b>
<b>Latin America</b>				
<b>Crude Oil (MBL)</b>				
Argentina	37	—	33	—
Colombia	33	38	35	35
<b>Total</b>	<b>70</b>	<b>38</b>	<b>68</b>	<b>35</b>
<b>Natural Gas (MMCF)</b>				
Argentina	19	—	18	—
Bolivia	16	—	16	—
<b>Total</b>	<b>35</b>	<b>—</b>	<b>34</b>	<b>—</b>
<b>Middle East / North Africa</b>				
<b>Crude Oil (MBL)</b>				
Oman	17	12	17	18
Qatar	41	42	43	43
Yemen	27	23	30	29
Libya	15	9	21	3
<b>Total</b>	<b>100</b>	<b>86</b>	<b>111</b>	<b>93</b>
<b>Natural Gas (MMCF)</b>				
Oman	35	35	32	51
<b>Other Eastern Hemisphere</b>				
<b>Crude Oil (MBL)</b>				
Pakistan	5	5	4	5
<b>Natural Gas (MMCF)</b>				
Pakistan	75	81	77	77
<b>Barrels of Oil Equivalent (MBOE)</b>				
Subtotal consolidated subsidiaries	564	493	571	494
<b>Other interests</b>				
Colombia – minority interest	(4)	(5)	(4)	(4)
Russia – Occidental net interest	25	27	27	27
Yemen – Occidental net interest	2	1	2	2
<b>Total worldwide production (MBOE)</b>	<b>587</b>	<b>516</b>	<b>596</b>	<b>519</b>



**OCCIDENTAL PETROLEUM**  
**SUMMARY OF OPERATING STATISTICS**

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b><u>OIL &amp; GAS:</u></b>				
<b>PRICES</b>				
<b>United States</b>				
Crude Oil (\$/BBL)	62.71	56.70	60.03	49.26
Natural gas (\$/MCF)	5.88	6.33	6.80	6.16
<b>Latin America</b>				
Crude Oil (\$/BBL)	55.19	59.91	54.58	51.06
Natural Gas (\$/MCF)	2.08	—	1.91	—
<b>Middle East / North Africa</b>				
Crude Oil (\$/BBL)	65.84	56.37	62.85	48.69
Natural Gas (\$/MCF)	0.97	0.97	0.96	0.96
<b>Other Eastern Hemisphere</b>				
Crude Oil (\$/BBL)	64.80	52.25	58.87	45.57
Natural Gas (\$/MCF)	2.88	2.72	2.93	2.41
<b>Total Worldwide</b>				
Crude Oil (\$/BBL)	60.52	55.97	58.41	48.24
Natural Gas (\$/MCF)	5.06	5.49	5.72	5.18
	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Exploration Expense</b>				
Domestic	\$ 27	\$ 20	\$ 75	\$ 131
Latin America	6	1	12	11
Middle East / North Africa	37	4	90	9
Other Eastern Hemisphere	4	26	18	45
<b>TOTAL</b>	<b><u>\$ 74</u></b>	<b><u>\$ 51</u></b>	<b><u>\$ 195</u></b>	<b><u>\$ 196</u></b>



**OCCIDENTAL PETROLEUM**  
**SUMMARY OF OPERATING STATISTICS**

	Third Quarter		Nine Months	
	2006	2005	2006	2005
<b>Capital Expenditures (\$MM)</b>				
Oil & Gas				
California	\$ 150	\$ 98	\$ 376	\$ 270
Permian	149	112	414	271
Other - U.S.	63	51	194	113
Latin America	98	23	223	66
Middle East / North Africa	226	226	623	690
Other Eastern Hemisphere	4	40	12	72
Chemicals	49	32	129	94
Corporate	11	3	21	7
<b>TOTAL</b>	<b>\$ 750</b>	<b>\$ 585</b>	<b>\$ 1,992</b>	<b>\$ 1,583</b>
<b>Depreciation, Depletion &amp; Amortization of Assets (\$MM)</b>				
Oil & Gas				
Domestic	\$ 235	\$ 184	\$ 655	\$ 508
Latin America	77	13	196	37
Middle East / North Africa	132	84	391	257
Other Eastern Hemisphere	8	10	26	30
Chemicals	67	66	195	187
Corporate	5	5	14	16
<b>TOTAL</b>	<b>\$ 524</b>	<b>\$ 362</b>	<b>\$ 1,477</b>	<b>\$ 1,035</b>



**OCCIDENTAL PETROLEUM  
CORPORATE  
(\$ millions)**

	<u>30-Sep-06</u>	<u>31-Dec-05</u>
<b>CAPITALIZATION</b>		
Long-Term Debt (including current maturities)	\$ 2,893	\$ 2,919
Subsidiary Preferred Stock	75	75
Others	<u>25</u>	<u>25</u>
<b>Total Debt</b>	<b><u>\$ 2,993</u></b>	<b><u>\$ 3,019</u></b>
<b>EQUITY</b>		
	<b><u>\$ 18,858</u></b>	<b><u>\$ 15,032</u></b>
Total Debt To Total Capitalization	<u>14%</u>	<u>17%</u>





See the investor relations supplemental schedules for the reconciliation of non-GAAP items. Statements in this presentation that contain words such as "will", "expect" or "estimate", or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could materially affect expected results. Factors that could cause results to differ materially include, but are not limited to: exploration risks, such as drilling of unsuccessful wells; global commodity pricing fluctuations and supply/demand considerations for oil, gas and chemicals; higher-than-expected costs; political risk; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. You should not place undue reliance on these forward-looking statements which speak only as of the date of this filing. Unless legally required, Occidental disclaims any obligation to update any forward-looking statements as a result of new information, future events or otherwise. U.S. investors are urged to consider carefully the disclosure in our Form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.



 **Occidental Petroleum Corporation**  
New Energy Solutions

Third Quarter 2006  
Earnings Conference Call  
October 18, 2006



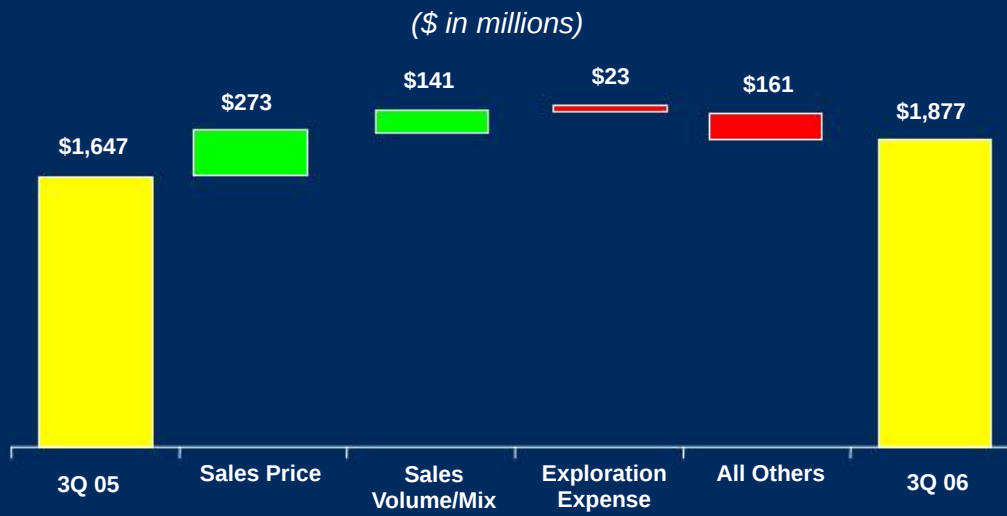


- Core Earnings - \$1.159 Billion
  - +15% year-over-year
  - Core EPS \$1.35 (diluted)
- Reported Net Income - \$1.168 Billion
  - Reported EPS \$1.36 (diluted)
- Strong Performance driven by:
  - Higher Oil Prices
  - Higher Oil and Gas Volumes
  - Improved Chemical Earnings

# Third Quarter 2006 Earnings - Oil & Gas Segment Variance Analysis - 3Q06 vs. 3Q05



- Core Earnings for 3Q06 of \$1.877 Billion  
+15% year-over-year



## Third Quarter 2006 Earnings - Oil & Gas Segment



	<u>3Q06</u>	<u>3Q05</u>
Reported Segment Earnings (\$ mm)	\$1,877	\$1,638
WTI Oil Price (\$/bbl)	\$70.53	\$63.19
NYMEX Gas Price (\$/mcf)	\$6.33	\$7.09
Oxy's Realized Prices		
Worldwide Oil (\$/bbl)	\$60.52	\$55.97
US Natural Gas (per mcf)	\$5.88	\$6.33

## Third Quarter 2006 Earnings - Oil & Gas Segment



	<u>3Q06</u>	<u>3Q05</u>
Oil and Gas Production (mboe/day)	587	516
<ul style="list-style-type: none"><li>• +14% year-over-year</li><li>• Production lower than projected due to:<ul style="list-style-type: none"><li>– One less Libyan lifting (12 mboe/day)</li><li>– Maintenance at Horn Mountain, Qatar, and Argentina (6 mboe/day)</li></ul></li></ul>		
Exploration Expense (\$ mm)	\$74	\$51

# Third Quarter 2006 Earnings – Chemical Segment Variance Analysis - 3Q06 vs. 3Q05



- Core Earnings for 3Q06 of \$247 Million  
+48% year-over-year

(\$ in millions)



## Third Quarter 2006 Earnings - Nine Months Results



	<u>YTD2006</u>	<u>YTD2005</u>
• Core Income (\$ mm)	\$3,514	\$2,616
• Core EPS (diluted)	\$4.07	\$3.20
• ROE*	26%	
• ROCE*	22%	
• Oil and Gas Earnings (\$ mm)	\$5,740	\$4,172
• Oil and Gas production (mboe/day)	596	519
• + 53 mboe/day from Vintage		
• + 18 mboe/day from Libya		
• WTI Oil Price (\$/bbl)	\$68.24	\$55.40
• Oxy's Worldwide Realized Oil price	\$58.41	\$48.24

\* Annualized (see attached Excel file for GAAP reconciliation)



## Third Quarter 2006 Earnings - Nine Months Results



Oil and Gas production costs increased by \$2.32 per boe to \$11.13 YTD 2006 vs. \$8.81 per boe FY 2005

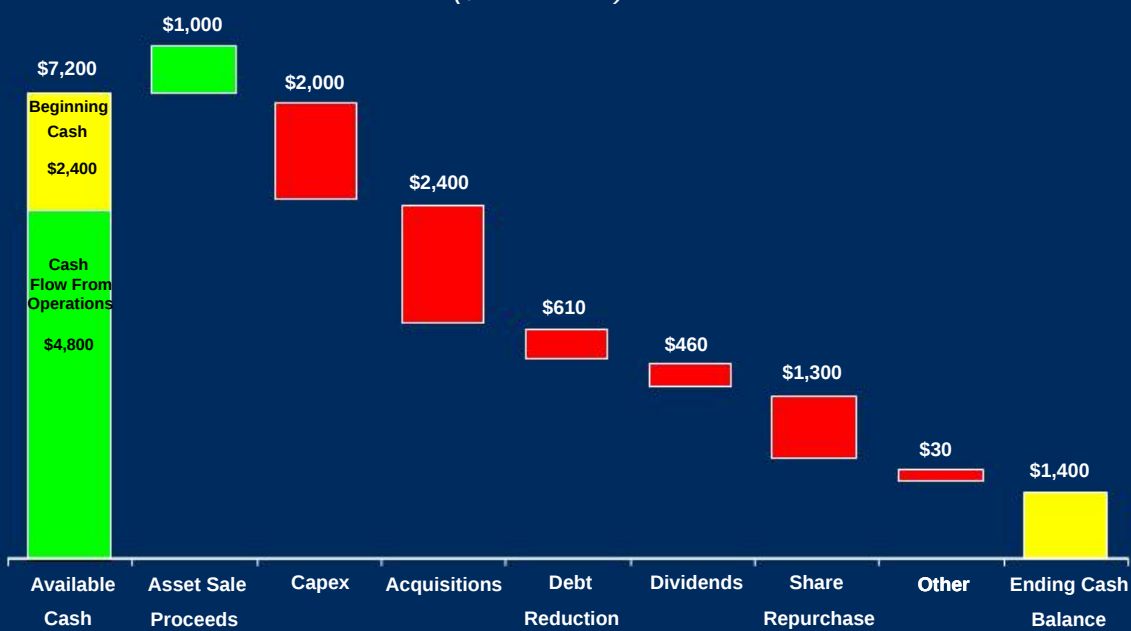
- Approx. 45% of the increase was a result of higher energy prices.
- Remaining changes due to increased workover and maintenance.

	<u>YTD2006</u>	<u>YTD2005</u>
Chemical Core Earnings (\$ mm)	\$745	\$606
<ul style="list-style-type: none"><li>• Improvement due to higher chlor-alkali volumes and higher margins in all chlorovinyl products.</li></ul>		
Net Interest Expense (\$ mm)	\$80	\$137
Capital Spending (\$ mm)	\$1,992	\$1,583

# Third Quarter 2006 Earnings – Cash Flow YTD2006



(\$ in millions)



## Third Quarter 2006 Earnings - Share Repurchase



- Spent \$1.3 Billion to Repurchase 26.7 mm shares YTD 2006 at an average price of \$48.22 a share.
- Repurchased 6.6 mm shares in 3Q06 at an average price of \$47.98 a share – 67% purchased during month of September.

Shares Outstanding (mm)	<u>YTD2006</u>	<u>9/30/06</u>
Weighted Average Basic	854.2	
Weighted Average Diluted	863.0	
Shares Outstanding		849.2
Diluted Shares Outstanding		858.3



- Oil and Gas production of 610 to 620 mboe/day
  - 9 mboe/day from recently acquired Plains properties; due to gas sales lag we will report approx. 7 mboe/day for 4Q.
  - Two Libyan liftings scheduled total of 2 million barrels = 24 mboe/day.
- Commodity prices
  - \$1 per bbl change in oil prices impacts Oil & Gas earnings by approx. \$38 mm in 4Q before foreign income taxes (after-tax impact of \$22 mm).
  - 25-cents per mMBtu change in gas prices impacts quarterly segment earnings by \$12 mm.
- Realized Domestic Natural Gas price of \$5.20 per mcf
  - Reduce Oil & Gas segment income by \$32 mm vs. 3Q06.
- Exploration Expense of about \$100 mm due to higher drilling and seismic activity largely related to Libya.



- Expect Chemical Earnings of \$200 mm in 4Q and \$945 mm FY2006.
  - While slowdown has not yet occurred we expect that the typical seasonal slowdown will begin in November and carry through December.
- Expect Total Capex for 2006 of approximately \$3 Billion.
  - Oil & Gas accounting for more than 90 percent.
- Interest Expense of approximately \$25 million.
- Worldwide Effective Tax Rate of 44 Percent.



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**Occidental Petroleum Corporation**  
**Return on Capital Employed (ROCE)**  
(\$ Millions)

<b>Reconciliation to Generally Accepted Accounting Principles (GAAP)</b>	<b>2004</b>	<b>2005</b>	<b>Nine Months 2006</b>	<b>Annualized 2006</b>
GAAP measure - earnings applicable to common shareholders	2,568	5,281	3,254	
Interest expense	392	201	80	
Tax effect of interest expense	(84)	(70)	(28)	
Earnings before tax-effected interest expense	<u>2,723</u>	<u>5,412</u>	<u>3,306</u>	
 GAAP stockholders' equity	 10,550	 15,032	 18,858	
 DEBT				
GAAP debt				
Debt, including current maturities	3,804	2,919	2,893	
Non-GAAP debt				
Capital lease obligation	26	25	25	
Subsidiary preferred stock	75	75	75	
Total debt	<u>3,905</u>	<u>3,019</u>	<u>2,993</u>	
 Total capital employed	 14,455	 18,051	 21,851	
 <b>Return on Capital Employed (%)</b>	 20.2	 33.3	 16.6	 <b>22.1</b>