

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2013  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-9210

**OCCIDENTAL PETROLEUM CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**95-4035997**

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

**10889 Wilshire Boulevard  
Los Angeles, California**

(Address of principal executive offices)

**90024**

(Zip Code)

**(310) 208-8800**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

Class	Outstanding at June 30, 2013
Common stock \$.20 par value	805,763,948 shares

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  
 JUNE 30, 2013 AND DECEMBER 31, 2012  
 (Amounts in millions)

	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,069	\$ 1,592
Trade receivables, net	5,221	4,916
Inventories	1,340	1,344
Other current assets	1,229	1,640
Total current assets	10,859	9,492
<b>INVESTMENTS IN UNCONSOLIDATED ENTITIES</b>	1,808	1,894
<b>PROPERTY, PLANT AND EQUIPMENT</b> , net of accumulated depreciation, depletion and amortization of \$30,536 at June 30, 2013 and \$28,032 at December 31, 2012	53,949	52,064
<b>LONG-TERM RECEIVABLES AND OTHER ASSETS, NET</b>	806	760
<b>TOTAL ASSETS</b>	\$ 67,422	\$ 64,210

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
JUNE 30, 2013 AND DECEMBER 31, 2012  
(Amounts in millions)

	2013	2012
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 600	\$ 600
Accounts payable	5,274	4,708
Accrued liabilities	2,331	1,966
Domestic and foreign income taxes	29	16
Total current liabilities	8,234	7,290
<b>LONG-TERM DEBT, NET</b>	7,026	7,023
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>		
Deferred domestic and foreign income taxes	6,658	6,039
Other	3,654	3,810
	10,312	9,849
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, at par value	178	178
Treasury stock	(5,113)	(5,091)
Additional paid-in capital	7,510	7,441
Retained earnings	39,634	37,990
Accumulated other comprehensive loss	(456)	(502)
Total equity attributable to common stock	41,753	40,016
Noncontrolling interest	97	32
Total stockholders' equity	41,850	40,048
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	\$ 67,422	\$ 64,210

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012  
(Amounts in millions, except per-share amounts)

	Three months ended June		Six months ended June	
	2013	2012	2013	2012
<b>REVENUES AND OTHER INCOME</b>				
Net sales	\$ 5,962	\$ 5,768	\$ 11,834	\$ 12,036
Interest, dividends and other income	28	24	63	39
Gain on sale of equity investment	131	—	131	—
	<u>6,121</u>	<u>5,792</u>	<u>12,028</u>	<u>12,075</u>
<b>COSTS AND OTHER DEDUCTIONS</b>				
Cost of sales	3,180	3,060	6,317	6,010
Selling, general and administrative and other operating expenses	495	335	888	769
Taxes other than on income	196	167	382	341
Exploration expense	78	96	128	194
Interest and debt expense, net	30	28	64	58
	<u>3,979</u>	<u>3,686</u>	<u>7,779</u>	<u>7,372</u>
Income before income taxes and other items	2,142	2,106	4,249	4,703
Provision for domestic and foreign income taxes	(901)	(875)	(1,745)	(2,014)
Income from equity investments	86	101	182	203
Income from continuing operations	<u>1,327</u>	<u>1,332</u>	<u>2,686</u>	<u>2,892</u>
Discontinued operations, net	(5)	(4)	(9)	(5)
<b>NET INCOME</b>	<u>\$ 1,322</u>	<u>\$ 1,328</u>	<u>\$ 2,677</u>	<u>\$ 2,887</u>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.65	\$ 1.64	\$ 3.33	\$ 3.56
Discontinued operations, net	(0.01)	—	(0.01)	(0.01)
<b>BASIC EARNINGS PER COMMON SHARE</b>	<u>\$ 1.64</u>	<u>\$ 1.64</u>	<u>\$ 3.32</u>	<u>\$ 3.55</u>
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 1.64	\$ 1.64	\$ 3.33	\$ 3.56
Discontinued operations, net	—	—	(0.01)	(0.01)
<b>DILUTED EARNINGS PER COMMON SHARE</b>	<u>\$ 1.64</u>	<u>\$ 1.64</u>	<u>\$ 3.32</u>	<u>\$ 3.55</u>
<b>DIVIDENDS PER COMMON SHARE</b>	<u>\$ 0.64</u>	<u>\$ 0.54</u>	<u>\$ 1.28</u>	<u>\$ 1.08</u>

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012  
(Amounts in millions)

	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
Net income	\$ 1,322	\$ 1,328	\$ 2,677	\$ 2,887
Other comprehensive income (loss) items:				
Foreign currency translation gains (losses)	1	(12)	2	(8)
Reclassification to income of realized foreign currency translation losses <sup>(a)</sup>	28	—	28	—
Pension and postretirement gains <sup>(b)</sup>	9	8	18	13
Unrealized gains (losses) on derivatives <sup>(c)</sup>	7	(2)	1	12
Reclassification to income of realized losses (gains) on derivatives <sup>(d)</sup>	1	4	(3)	(24)
Other comprehensive income (loss), net of tax <sup>(e)</sup>	46	(2)	46	(7)
Comprehensive income	\$ 1,368	\$ 1,326	\$ 2,723	\$ 2,880

(a) Included in the net gain on sale of the investment in Carbocloro, a Brazilian chemical facility.

(b) Net of tax of \$(6) and \$(5) for the three months ended June 30, 2013 and 2012, respectively, and \$(11) and \$(8) for the six months ended June 30, 2013 and 2012.

(c) Net of tax of \$(4) and zero for the three months ended June 30, 2013 and 2012, respectively, and \$(1) and \$(8) for the six months ended June 30, 2013 and 2012.

(d) Net of tax of zero and \$(2) for the three months ended June 30, 2013 and 2012, respectively, and \$2 and \$15 for the six months ended June 30, 2013 and 2012.

(e) There were no other comprehensive income (loss) items related to noncontrolling interests in 2013 and 2012.

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 SIX MONTHS ENDED JUNE 30, 2013 AND 2012  
(Amounts in millions)

	2013	2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,677	\$ 2,887
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations, net	9	5
Depreciation, depletion and amortization of assets	2,562	2,172
Deferred income tax provision	635	794
Other noncash charges to income	218	109
Gain on sale of equity investment	(131)	—
Undistributed earnings from equity investments	(31)	(8)
Dry hole expenses	77	166
Changes in operating assets and liabilities, net	227	(150)
Operating cash flow from continuing operations	6,243	5,975
Operating cash flow from discontinued operations, net of taxes	(18)	(17)
Net cash provided by operating activities	6,225	5,958
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(4,280)	(5,125)
Payments for purchases of assets and businesses	(226)	(1,081)
Sale of equity investment, net	270	—
Other, net	(63)	44
Net cash used by investing activities	(4,299)	(6,162)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	—	1,736
Proceeds from issuance of common stock	24	58
Purchases of treasury stock	(28)	(152)
Contributions from noncontrolling interest	65	—
Cash dividends paid	(517)	(813)
Other, net	7	4
Net cash (used) provided by financing activities	(449)	833
Increase in cash and cash equivalents	1,477	629
Cash and cash equivalents—beginning of period	1,592	3,781
Cash and cash equivalents—end of period	\$ 3,069	\$ 4,410

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

OCCIDENTAL PETROLEUM CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

June 30, 2013

1. General

In these unaudited consolidated condensed financial statements, "Occidental" means Occidental Petroleum Corporation, a Delaware corporation (OPC), or OPC and one or more entities in which it owns a controlling interest (subsidiaries). Occidental has made its disclosures in accordance with United States generally accepted accounting principles as they apply to interim reporting, and condensed or omitted, as permitted by the Securities and Exchange Commission's rules and regulations, certain information and disclosures normally included in consolidated financial statements and the notes. These consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in Occidental's Annual Report on Form 10-K for the year ended December 31, 2012.

In the opinion of Occidental's management, the accompanying consolidated condensed financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to fairly present Occidental's consolidated financial position as of June 30, 2013, and the consolidated statements of income, comprehensive income and cash flows for the three and six months ended June 30, 2013 and 2012, as applicable. The income and cash flows for the periods ended June 30, 2013 and 2012 are not necessarily indicative of the income or cash flows to be expected for the full year.

Certain financial statements and notes for the prior year have been reclassified to conform to the 2013 presentation.

2. Asset Acquisitions, Dispositions and Other

In May 2013, Occidental sold its investment in Carbocloro, a Brazilian chemical facility. Occidental received net proceeds of approximately \$270 million and recorded a pre-tax gain of \$131 million.

As previously reported, Edward Djerejian was elected Chairman of the Board of Directors on May 3, 2013, replacing Dr. Ray Irani. Dr. Irani submitted his resignation as a director, effective as of May 15, 2013 and ceased serving as an executive of Occidental. In addition, certain other employees and several consulting arrangements were terminated during the quarter. As a result of these developments and actions, Occidental recorded a \$55 million pre-tax charge in the second quarter for the currently estimated costs of Dr. Irani's employment and post-employment benefits, and the termination of other employees and consulting arrangements.

Occidental owns a 50% interest in BridgeTex Pipeline Company, LLC (BridgeTex), which is a variable interest entity that Occidental consolidates. This investment is not material to Occidental's financial statements. At June 30, 2013 and December 31, 2012, the BridgeTex assets and liabilities mainly comprised property, plant and equipment and cash and cash equivalents. At June 30, 2013 and December 31, 2012, BridgeTex held approximately \$93 million and \$50 million, respectively, of money market funds classified as cash equivalents, which approximated fair value using Level 1 inputs.

3. Accounting and Disclosure Changes

**Offsetting Assets and Liabilities** - Beginning in the quarter ended March 31, 2013, Occidental adopted new disclosure requirements relating to its derivatives in accordance with rules issued by the Financial Accounting Standards Board (FASB) in December 2011 and January 2013. These new rules require tabular disclosures of the outstanding derivatives' gross and net fair values, now including those that are subject to a master netting or similar arrangement and qualify for net presentation, but are not offset in the consolidated balance sheet.

**Reclassifications from Accumulated Other Comprehensive Income** - Beginning in the quarter ended March 31, 2013, Occidental adopted new disclosure requirements for reporting amounts reclassified out of each component of accumulated other comprehensive income into the income statement in accordance with rules issued by the FASB in February 2013.

These new disclosures were not material to Occidental's financial statements.



#### 4. Supplemental Cash Flow Information

Occidental paid United States federal, state and foreign income taxes for continuing operations of approximately \$0.8 billion and \$1.3 billion during the six months ended June 30, 2013 and 2012, respectively. Interest paid totaled approximately \$122 million and \$95 million for the six months ended June 30, 2013 and 2012, respectively.

#### 5. Inventories

A portion of inventories is valued under the LIFO method. The valuation of LIFO inventory for interim periods is based on Occidental's estimates of year-end inventory levels and costs. Inventories as of June 30, 2013 and December 31, 2012 consisted of the following (in millions):

	2013	2012
Raw materials	\$ 75	\$ 70
Materials and supplies	641	612
Finished goods	725	763
	1,441	1,445
LIFO reserve	(101)	(101)
Total	\$ 1,340	\$ 1,344

#### 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; or operation and maintenance of remedial systems. The environmental proceedings seek funding or performance of remediation and, in some cases, compensation for alleged property damage, punitive damages, civil penalties, injunctive relief and government oversight costs.

As of June 30, 2013, Occidental participated in or monitored remedial activities or proceedings at 161 sites. The following table presents Occidental's environmental remediation reserves as of June 30, 2013, the current portion of which is included in accrued liabilities (\$80 million) and the remainder in deferred credits and other liabilities — other (\$247 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	33	\$ 52
Third-party sites	76	74
Occidental-operated sites	22	121
Closed or non-operated Occidental sites	30	80
Total	161	\$ 327

As of June 30, 2013, Occidental's environmental reserves exceeded \$10 million each at 11 of the 161 sites described above, and 114 of the sites had reserves from zero to \$1 million each. 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. Occidental believes its range of reasonably possible additional losses beyond those liabilities recorded for environmental remediation at these sites could be up to \$375 million. The status of Occidental's involvement with the sites and related significant assumptions have not changed materially since December 31, 2012. For management's opinion with respect to environmental matters, refer to Note 7.

## 7. Lawsuits, Claims, Commitments and Contingencies

OPC or certain of its subsidiaries are involved, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties or injunctive or declaratory relief. OPC or certain of its subsidiaries also 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 OPC 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 assets with respect to which third parties retain liability or indemnify Occidental for conditions that existed prior to purchase.

Occidental accrues reserves for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. Occidental has disclosed its reserve balances for environmental matters. Reserve balances for other matters as of June 30, 2013 and December 31, 2012 were not material to Occidental's consolidated balance sheets. Occidental also evaluates the amount of reasonably possible losses that it could incur as a result of the matters mentioned above. Occidental has disclosed its range of reasonably possible additional losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible losses that it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. 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 which are subject to IRS review. Taxable years from 2000 through the current year remain subject to examination by foreign and state government tax authorities in certain jurisdictions. In certain of these jurisdictions, tax authorities are in various stages of auditing Occidental's income taxes. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law. Occidental believes that the resolution of outstanding tax matters would not have a material adverse effect on its consolidated financial position or results of operations.

OPC, its subsidiaries or both have indemnified various parties against specified liabilities those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of June 30, 2013, 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 Postretirement Benefit Plans

The following table sets forth the components of the net periodic benefit costs for Occidental's defined benefit pension and postretirement benefit plans for the three and six months ended June 30, 2013 and 2012 (in millions):

Three months ended June 30	2013		2012	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
Net Periodic Benefit Costs				
Service cost	\$ 3	\$ 7	\$ 3	\$ 6
Interest cost	7	10	7	11
Expected return on plan assets	(8)	—	(8)	—
Recognized actuarial loss	4	10	5	9
Total	\$ 6	\$ 27	\$ 7	\$ 26

  

Six months ended June 30	2013		2012	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
Net Periodic Benefit Costs				
Service cost	\$ 7	\$ 14	\$ 6	\$ 13
Interest cost	13	21	14	22
Expected return on plan assets	(16)	—	(16)	—
Recognized actuarial loss	8	20	10	17
Total	\$ 12	\$ 55	\$ 14	\$ 52

Occidental contributed approximately \$1 million and \$2 million in the three-month periods ended June 30, 2013 and 2012, and approximately \$2 million and \$3 million in the six-month periods ended June 30, 2013 and 2012, respectively, to its defined benefit pension 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 identical assets or liabilities; Level 2 — using observable inputs, such as quoted prices for similar assets or liabilities; and Level 3 — using unobservable inputs. Transfers between levels, if any, are reported at the end of each reporting period.

### Fair Values — Recurring

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

- Ø Commodity derivatives – Occidental values exchange-cleared commodity derivatives using closing prices provided by the exchange as of the balance sheet date. These derivatives are classified as Level 1. Over-the-Counter (OTC) bilateral financial commodity contracts, foreign exchange contracts, options and physical commodity forward purchase and sale contracts 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. 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. Occidental generally classifies these measurements as Level 2.

Ø Embedded commodity derivatives – Occidental values embedded 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 observable and unobservable in the marketplace, and the fair value is designated as Level 3 within the valuation hierarchy.

Occidental generally uses an income approach to measure fair value when there is not a market-observable price for an identical or similar asset or liability. This approach utilizes management's 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 June 30, 2013 and December 31, 2012 (in millions):

Description	Fair Value Measurements at June 30, 2013 Using			Netting and Collateral <sup>(a)</sup>	Total Fair Value
	Level 1	Level 2	Level 3		
Assets:					
Commodity derivatives	\$ 246	\$ 326	\$ —	\$ (476)	\$ 96
Liabilities:					
Commodity derivatives	\$ 224	\$ 369	\$ —	\$ (529)	\$ 64

Description	Fair Value Measurements at December 31, 2012 Using			Netting and Collateral <sup>(a)</sup>	Total Fair Value
	Level 1	Level 2	Level 3		
Assets:					
Commodity derivatives	\$ 107	\$ 312	\$ —	\$ (301)	\$ 118
Liabilities:					
Commodity derivatives	\$ 99	\$ 398	\$ —	\$ (371)	\$ 126

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

#### Fair Values — Nonrecurring

During the three months ended June 30, 2013 and 2012, Occidental did not have assets or liabilities measured at fair value on a non-recurring basis.

#### Other Financial Instruments

The carrying amounts of cash and cash equivalents and other on-balance-sheet financial instruments, other than fixed-rate debt, approximate fair value. The cost, if any, to terminate off-balance-sheet financial instruments is not significant. Occidental estimates the fair value of fixed-rate debt based on the quoted market prices for those instruments or on quoted market yields for similarly rated debt instruments, taking into account such instruments' maturities. The estimated fair values of Occidental's debt as of June 30, 2013 and December 31, 2012, were approximately \$7.8 billion and \$8.2 billion, respectively, and its carrying value at each date was \$7.6 billion. Occidental classifies its debt as Level 1.

## 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 establish, as of the date of production, the price it receives 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. Additionally, Occidental's Phibro trading unit engages in trading activities using derivatives for the purpose of generating profits mainly from market price changes of commodities.

### Cash-Flow Hedges

Occidental entered into financial swap agreements in November 2012 for the sale of a portion of its natural gas production in California. These swap agreements hedge 50 million cubic feet of natural gas per day beginning in January 2013 through March 2014 and qualify as cash-flow hedges. The weighted-average strike price of these swaps is \$4.30.

Through March 31, 2012, Occidental held financial swap agreements related to the sale of 50 million cubic feet per day of its existing natural gas production from the Rocky Mountain region of the United States that qualified as cash-flow hedges at a weighted-average strike price of \$6.07.

Occidental's marketing and trading operations store natural gas purchased from third parties at Occidental's North American leased storage facilities. Derivative instruments are used to fix margins on the future sales of the stored volumes through March 31, 2014. As of June 30, 2013 and December 31, 2012, Occidental had approximately 13 billion cubic feet and 20 billion cubic feet of natural gas held in storage, respectively. As of June 30, 2013 and December 31, 2012, Occidental had cash-flow hedges for the forecast sale, to be settled by physical delivery, of approximately 15 billion cubic feet and 20 billion cubic feet of natural gas, respectively.

The following table presents the after-tax gains and losses recognized in, and reclassified to income from, Accumulated Other Comprehensive Income (AOCI) for derivative instruments classified as cash-flow hedges for the three and six months ended June 30, 2013 and 2012 (in millions):

	Periods ended June 30			
	Three months		Six Months	
	2013	2012	2013	2012
Beginning Balance — AOCI	\$ (17)	\$ (13)	\$ (7)	\$ 1
Unrealized gains (losses) recognized in AOCI	7	(2)	1	12
Losses reclassified to income	1	4	(3)	(24)
Ending Balance — AOCI	\$ (9)	\$ (11)	\$ (9)	\$ (11)

Occidental expects to reclassify an insignificant amount, based on the valuation as of June 30, 2013, of net after-tax derivative losses from AOCI into income during the next 12 months. The gains and losses reclassified to income were recognized in net sales, and the amount of the ineffective portion of cash-flow hedges was immaterial for the three months ended June 30, 2013 and 2012.

#### Derivatives Not Designated as Hedging Instruments

The following table summarizes Occidental's net volumes resulting from outstanding commodity derivatives contracts not designated as hedging instruments, including both financial and physical derivative contracts as of June 30, 2013 and December 31, 2012.

Commodity	Net Outstanding Position	
	Long / (Short)	
	2013	2012
Oil (million barrels)	(23)	(17)
Natural gas (billion cubic feet)	(80)	(217)
Precious metals (million troy ounces)	1	1

A large majority of the volumes in the table above include contracts tied to index prices, for which there is no fair value. These contracts do not expose Occidental to changes in commodity prices.

In addition, Occidental typically has certain other commodity trading contracts, such as agricultural products, power and other metals, as well as foreign exchange contracts. These contracts were not material to Occidental as of June 30, 2013 and December 31, 2012.

Occidental fulfills its short positions through its own production or by third-party purchase contracts. Subsequent to June 30, 2013, Occidental entered into purchase contracts for a substantial portion of the outstanding positions at quarter-end and has production capacity and the ability to enter into additional purchase contracts sufficient to satisfy the remaining positions.

Approximately \$75 million and \$88 million of net losses from derivatives not designated as hedging instruments were recognized in net sales for the three months ended June 30, 2013 and 2012, respectively. Approximately \$16 million and \$36 million of net losses from derivatives not designated as hedging instruments were recognized in net sales for the six months ended June 30, 2013 and 2012, respectively.

### Fair Value of Derivatives

The following table presents the gross and net fair values of Occidental's outstanding derivatives as of June 30, 2013 and December 31, 2012 (in millions):

June 30, 2013	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
<u>Cash-flow hedges <sup>(a)</sup></u>				
	Other current assets	\$ 5	Accrued liabilities	\$ 1
Commodity contracts	Long-term receivables and other assets, net	—	Deferred credits and other liabilities	—
		<u>5</u>		<u>1</u>
<u>Derivatives not designated as hedging instruments <sup>(a)</sup></u>				
	Other current assets	544	Accrued liabilities	573
Commodity contracts	Long-term receivables and other assets, net	23	Deferred credits and other liabilities	19
		<u>567</u>		<u>592</u>
Total gross fair value		572		593
Less: counterparty netting and cash collateral <sup>(b) (d)</sup>		(476)		(529)
<u>Total net fair value of derivatives</u>		<u>\$ 96</u>		<u>\$ 64</u>
December 31, 2012	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
<u>Cash-flow hedges <sup>(a)</sup></u>				
	Other current assets	\$ 11	Accrued liabilities	\$ 1
Commodity contracts	Long-term receivables and other assets, net	—	Deferred credits and other liabilities	1
		<u>11</u>		<u>2</u>
<u>Derivatives not designated as hedging instruments <sup>(a)</sup></u>				
	Other current assets	386	Accrued liabilities	479
Commodity contracts	Long-term receivables and other assets, net	22	Deferred credits and other liabilities	16
		<u>408</u>		<u>495</u>
Total gross fair value		419		497
Less: counterparty netting and cash collateral <sup>(c) (d)</sup>		(301)		(371)
<u>Total net fair value of derivatives</u>		<u>\$ 118</u>		<u>\$ 126</u>

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

(b) As of June 30, 2013, collateral received of \$37 million has been netted against derivative assets and collateral paid of \$90 million has been netted against derivative liabilities.

(c) As of December 31, 2012, collateral received of \$25 million has been netted against derivative assets and collateral paid of \$95 million has been netted against derivative liabilities.

(d) Select clearinghouses and brokers require Occidental to post an initial margin deposit. Collateral, mainly for initial margin, of \$94 million and \$116 million deposited by Occidental, has not been reflected in these derivative fair value tables, but is included in the other current assets balance as of June 30, 2013 and December 31, 2012, respectively.

See Note 9 for fair value measurement disclosures on derivatives.

### Credit Risk

A substantial portion of Occidental's derivative transaction volume is executed through exchange-traded contracts, which are subject to minimal credit risk as a significant portion of these transactions is settled on a daily margin basis with select clearinghouses and brokers.

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

Certain of Occidental's OTC derivative instruments contain credit-risk-contingent features, primarily tied to credit ratings for Occidental or its counterparties, which may affect the amount of collateral that each would need to post. As of June 30, 2013 and December 31, 2012, Occidental had a net liability of \$25 million and \$34 million, respectively, which are net of collateral posted of \$12 million and \$64 million, respectively. Occidental believes that if it had received a one-notch reduction in its credit ratings, it would not have resulted in a material change in its collateral-posting requirements as of June 30, 2013 and December 31, 2012.

## 11. Industry Segments

Occidental conducts its operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream, marketing and other (midstream and marketing). The oil and gas segment explores for, develops and produces oil and condensate, natural gas liquids (NGL) 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, carbon dioxide (CO<sub>2</sub>) and power. It also trades around its assets, including transportation and storage capacity, and trades oil, NGLs, gas and other commodities. The segment also invests in entities that conduct similar activities.

Earnings of industry segments generally exclude income taxes, interest income, interest expense, environmental remediation expenses, unallocated corporate expenses and discontinued operations, but include gains and losses from dispositions of segment assets and income from the segment 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 segment and corporate disclosures (in millions):

	Oil and Gas	Chemical	Midstream and Marketing	Corporate and Eliminations	Total
Three months ended June 30, 2013					
Net sales	\$ 4,721	\$ 1,187	\$ 269	\$ (215)	\$ 5,962
Pretax operating profit (loss)	\$ 2,100	\$ 275 <sup>(a)</sup>	\$ 48	\$ (195) <sup>(b)</sup>	\$ 2,228
Income taxes	—	—	—	(901) <sup>(c)</sup>	(901)
Discontinued operations, net	—	—	—	(5)	(5)
Net income (loss)	\$ 2,100	\$ 275	\$ 48	\$ (1,101)	\$ 1,322
Three months ended June 30, 2012					
Net sales	\$ 4,495	\$ 1,172	\$ 262	\$ (161)	\$ 5,768
Pretax operating profit (loss)	\$ 2,043	\$ 194	\$ 77	\$ (107) <sup>(b)</sup>	\$ 2,207
Income taxes	—	—	—	(875) <sup>(c)</sup>	(875)
Discontinued operations, net	—	—	—	(4)	(4)
Net income (loss)	\$ 2,043	\$ 194	\$ 77	\$ (986)	\$ 1,328
Six months ended June 30, 2013					
Net sales	\$ 9,161	\$ 2,362	\$ 722	\$ (411)	\$ 11,834
Pretax operating profit (loss)	\$ 4,020	\$ 434 <sup>(a)</sup>	\$ 263	\$ (286) <sup>(b)</sup>	\$ 4,431
Income taxes	—	—	—	(1,745) <sup>(c)</sup>	(1,745)
Discontinued operations, net	—	—	—	(9)	(9)
Net income (loss)	\$ 4,020	\$ 434	\$ 263	\$ (2,040)	\$ 2,677
Six months ended June 30, 2012					
Net sales	\$ 9,397	\$ 2,320	\$ 655	\$ (336)	\$ 12,036
Pretax operating profit (loss)	\$ 4,547	\$ 378	\$ 208	\$ (227) <sup>(b)</sup>	\$ 4,906
Income taxes	—	—	—	(2,014) <sup>(c)</sup>	(2,014)
Discontinued operations, net	—	—	—	(5)	(5)
Net income (loss)	\$ 4,547	\$ 378	\$ 208	\$ (2,246)	\$ 2,887

(a) The three- and six-month periods ended June 30, 2013 include a \$131 million pre-tax gain for the sale of an investment in Carbocloro, a Brazilian chemical facility.

(b) Includes unallocated net interest expense, administration expense, environmental remediation and other pre-tax items. The three- and six-month periods ended June 30, 2013 include a \$55 million pre-tax charge for the currently estimated cost related to employment and post-employment benefits for Occidental's former Executive Chairman and termination of certain other employees and consulting arrangements.

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

## 12. Earnings Per Share

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

Basic EPS was computed by dividing net income, net of 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 six months ended June 30, 2013 and 2012:

<i>(in millions, except per-share amounts)</i>	Periods ended June 30			
	Three months		Six months	
	2013	2012	2013	2012
<b>Basic EPS</b>				
Income from continuing operations	\$ 1,327	\$ 1,332	\$ 2,686	\$ 2,892
Discontinued operations, net	(5)	(4)	(9)	(5)
Net income	1,322	1,328	2,677	2,887
Less: Net income allocated to participating securities	(3)	(2)	(5)	(4)
Net income, net of participating securities	\$ 1,319	\$ 1,326	\$ 2,672	\$ 2,883
Weighted average number of basic shares	804.9	810.3	804.8	810.4
<b>Basic EPS</b>	\$ 1.64	\$ 1.64	\$ 3.32	\$ 3.55
<b>Diluted EPS</b>				
Net income, net of participating securities	\$ 1,319	\$ 1,326	\$ 2,672	\$ 2,883
Weighted average number of basic shares	804.9	810.3	804.8	810.4
Dilutive effect of potentially dilutive securities	0.5	0.7	0.5	0.8
Total diluted weighted average common shares	805.4	811.0	805.3	811.2
<b>Diluted EPS</b>	\$ 1.64	\$ 1.64	\$ 3.32	\$ 3.55

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

### Consolidated 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). Occidental reported net income of \$1.3 billion for the second quarter of 2013 on net sales of \$6.0 billion, compared to net income of \$1.3 billion on net sales of \$5.8 billion for the same period of 2012. Diluted earnings per share (EPS) were \$1.64 for the second quarter of 2013 and 2012. Occidental reported net income of \$2.7 billion for the first six months of 2013 on net sales of \$11.8 billion, compared to net income of \$2.9 billion on net sales of \$12.0 billion for the same period of 2012. Diluted EPS were \$3.32 for the six months of 2013, compared to \$3.55 for the same period of 2012.

Net income for the three months ended June 30, 2013, compared to the same period of 2012, reflected higher domestic realized prices for oil and natural gas, lower oil and gas segment operating costs and higher liquids volumes, partially offset by higher oil and gas segment depreciation, depletion and amortization (DD&A) rates, lower Middle East/North Africa realized oil prices, higher equity compensation expense due to Occidental's improved stock price and higher energy prices for the chemical segment. Net income for the six months ended June 30, 2013, compared to the same period of 2012, reflected lower worldwide oil and natural gas liquids (NGL) prices, higher oil and gas segment DD&A rates, higher energy prices for the chemical segment and higher equity compensation expense due to Occidental's improved stock price, partially offset by higher domestic gas prices and lower oil and gas segment operating costs.

Income for the three and six months ended June 30, 2013 included an after-tax gain of \$85 million from the sale of Occidental's investment in Carbocloro, a Brazilian chemical facility, and a \$34 million after-tax charge for the currently estimated cost related to employment and post-employment benefits for Occidental's former Executive Chairman and termination of certain other employees and consulting arrangements.

### Selected Income Statement Items

Net sales for the three months ended June 30, 2013, of \$6.0 billion, compared to \$5.8 billion for the same period of 2012, reflected higher domestic realized prices for oil and natural gas and higher liquids volumes, partially offset by lower Middle East/North Africa realized oil prices. Net sales for the six months ended June 30, 2013, of \$11.8 billion, compared to \$12.0 billion for the same period of 2012, reflected lower worldwide oil and NGL prices, partially offset by higher domestic gas prices.

Cost of sales for the three and six months ended June 30, 2013, compared to the same periods in 2012, reflected higher oil and gas segment DD&A rates and higher chemical segment energy and feedstock costs, partially offset by lower oil and gas segment operating costs. Selling, general and administrative and other operating expenses for the three and six months ended June 30, 2013, compared to the same periods in the prior year, reflected higher equity compensation expense due to Occidental's improved stock price and the currently estimated cost related to employment and post-employment benefits for Occidental's former Executive Chairman and termination of certain other employees and consulting arrangements.

The decrease in the provision for domestic and foreign income taxes for the six months ended June 30, 2013, compared to the same period of 2012, was due to lower pre-tax income in 2013 and a lower effective tax rate, which included a benefit resulting from the relinquishment of an international exploration block.

### Selected Analysis of Financial Position

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

The increase in trade receivables, net, reflected higher domestic crude oil prices in the second quarter of 2013, compared to the fourth quarter of 2012, and the timing of settlements, partially offset by lower international crude oil lifting volumes and prices in the comparable periods. The decrease in other current assets was mainly due to the collection of an expected tax receivable during the second quarter. The increase in property, plant and equipment, net, reflected net capital expenditures of \$4.2 billion, partially offset by DD&A.

The increase in accounts payable reflected higher domestic crude oil prices for the marketing and trading operations during the second quarter of 2013, compared to the fourth quarter of 2012, and the timing of payments at year end 2012 compared to the end of the second quarter of 2013. The increase in accrued liabilities was due to the accelerated

payout of the fourth quarter 2012 dividend during 2012, resulting in a lower year-end balance. The June 30, 2013 balance included the accrual of the second quarter 2013 dividend to be paid in the third quarter. The increase in deferred domestic and foreign income taxes was mainly due to accelerated tax depreciation of the capital expenditures in the first six months of 2013. The increase in stockholders' equity reflected net income for the first six months of 2013, partially offset by dividends.

### Segment Operations

Occidental conducts its operations through three segments: (1) oil and gas; (2) chemical; and (3) midstream, marketing and other (midstream and marketing). The oil and gas segment explores for, develops and produces oil and condensate, NGLs and natural gas. The chemical segment mainly manufactures and markets basic chemicals and vinyls. The midstream and marketing segment gathers, processes, transports, stores, purchases and markets oil, condensate, NGLs, natural gas, carbon dioxide (CO<sub>2</sub>) and power. It also trades around its assets, including transportation and storage capacity, and trades oil, NGLs, gas and other commodities. The segment also 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 six months ended June 30, 2013 and 2012 (in millions):

	Periods ended June 30			
	Three Months		Six Months	
	2013	2012	2013	2012
<b>Net Sales</b> <sup>(a)</sup>				
Oil and Gas	\$ 4,721	\$ 4,495	\$ 9,161	\$ 9,397
Chemical	1,187	1,172	2,362	2,320
Midstream and Marketing	269	262	722	655
Eliminations	(215)	(161)	(411)	(336)
	<u>\$ 5,962</u>	<u>\$ 5,768</u>	<u>\$ 11,834</u>	<u>\$ 12,036</u>
<b>Segment Earnings</b> <sup>(b)</sup>				
Oil and Gas	\$ 2,100	\$ 2,043	\$ 4,020	\$ 4,547
Chemical	275	194	434	378
Midstream and Marketing	48	77	263	208
	<u>2,423</u>	<u>2,314</u>	<u>4,717</u>	<u>5,133</u>
<b>Unallocated Corporate Items</b> <sup>(b)</sup>				
Interest expense, net	(29)	(25)	(59)	(53)
Income taxes	(901)	(875)	(1,745)	(2,014)
Other expense, net	(166)	(82)	(227)	(174)
	<u></u>	<u></u>	<u></u>	<u></u>
Income from continuing operations	1,327	1,332	2,686	2,892
Discontinued operations, net	(5)	(4)	(9)	(5)
	<u></u>	<u></u>	<u></u>	<u></u>
<b>Net income</b>	<u>\$ 1,322</u>	<u>\$ 1,328</u>	<u>\$ 2,677</u>	<u>\$ 2,887</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, for the three and six months ended June 30, 2013 and 2012, significant transactions and events affecting Occidental's earnings that vary widely and unpredictably in nature, timing and amount (in millions):

	Periods Ended June 30			
	Three Months		Six Months	
	2013	2012	2013	2012
<b>Oil &amp; Gas</b>				
No significant items affecting earnings	\$ —	\$ —	\$ —	\$ —
Total Oil and Gas	\$ —	\$ —	\$ —	\$ —
<b>Chemical</b>				
Carbocloro sale gain	\$ 131	\$ —	\$ 131	\$ —
Total Chemical	\$ 131	\$ —	\$ 131	\$ —
<b>Midstream and Marketing</b>				
No significant items affecting earnings	\$ —	\$ —	\$ —	\$ —
Total Midstream and Marketing	\$ —	\$ —	\$ —	\$ —
<b>Corporate</b>				
Charge for former executives and consultants	\$ (55)	\$ —	\$ (55)	\$ —
Tax effect of pre-tax adjustments	(25)	—	(25)	—
Discontinued operations, net*	(5)	(4)	(9)	(5)
Total Corporate	\$ (85)	\$ (4)	\$ (89)	\$ (5)
<b>Total</b>	<b>\$ 46</b>	<b>\$ (4)</b>	<b>\$ 42</b>	<b>\$ (5)</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 six months ended June 30, 2013 and 2012 (\$ in millions):

	Periods ended June 30			
	Three Months		Six Months	
	2013	2012	2013	2012
Oil & Gas earnings	\$ 2,100	\$ 2,043	\$ 4,020	\$ 4,547
Chemical earnings	275	194	434	378
Midstream and Marketing earnings	48	77	263	208
Unallocated corporate items	(195)	(107)	(286)	(227)
Pre-tax income	2,228	2,207	4,431	4,906
Income tax expense				
Federal and state	332	254	624	700
Foreign	569	621	1,121	1,314
Total	901	875	1,745	2,014
Income from continuing operations	\$ 1,327	\$ 1,332	\$ 2,686	\$ 2,892
Worldwide effective tax rate	40%	40%	39% <sup>(a)</sup>	41%

(a) Includes the benefit from the relinquishment of an international exploration block during the first quarter of 2013.

## Oil and Gas Segment

The following tables set forth the production and sales volumes of oil, NGLs and natural gas per day for the three and six months ended June 30, 2013 and 2012. The differences between the production and sales volumes per day are generally due to the timing of shipments at Occidental's international locations where product is loaded onto tankers.

Production per Day	Periods Ended June 30			
	Three Months		Six Months	
	2013	2012	2013	2012
<b>Oil (MBBL)</b>				
United States	261	249	262	246
Middle East/North Africa	193	181	184	186
Latin America	28	31	29	27
<b>NGLs (MBBL)</b>				
United States	77	73	77	73
Middle East/North Africa	7	9	7	9
<b>Natural Gas (MMCF)</b>				
United States	792	840	808	837
Middle East/North Africa	433	481	433	464
Latin America	13	14	13	14
Total production (MBOE) <sup>(a)</sup>	772	766	768	760

## Sales Volumes per Day

<b>Oil (MBBL)</b>				
United States	261	249	262	246
Middle East/North Africa	186	175	172	178
Latin America	26	31	28	27
<b>NGLs (MBBL)</b>				
United States	77	73	77	73
Middle East/North Africa	7	9	7	9
<b>Natural Gas (MMCF)</b>				
United States	795	835	810	835
Middle East/North Africa	433	481	433	464
Latin America	13	14	13	14
Total sales volumes (MBOE) <sup>(a)</sup>	764	759	755	752

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

(a) Natural gas volumes have been converted to barrels of oil equivalent (BOE) based on energy content of six thousand cubic feet (Mcf) of gas to one barrel of oil. Barrels of oil equivalence does not necessarily result in price equivalence. The price of natural gas on a BOE basis is currently substantially lower than the corresponding price for oil and has been similarly lower for a number of years. For example, for the six months ending June 30, 2013, the average prices of West Texas Intermediate (WTI) oil and New York Mercantile Exchange (NYMEX) natural gas were \$94.30 per barrel and \$3.68 per Mcf, respectively, resulting in an oil to gas ratio of over 25.

The following tables present information about Occidental's average realized prices and index prices for the three and six months ended June 30, 2013 and 2012:

<b>Average Realized Prices</b>	Periods Ended June 30			
	Three Months		Six Months	
	2013	2012	2013	2012
<b>Oil (\$/BBL)</b>				
United States	\$ 95.08	\$ 92.34	\$ 93.33	\$ 97.88
Middle East/North Africa	\$ 101.83	\$ 109.70	\$ 104.40	\$ 112.28
Latin America	\$ 98.85	\$ 98.15	\$ 103.29	\$ 100.40
Total Worldwide	\$ 97.91	\$ 99.34	\$ 97.99	\$ 103.63
<b>NGLs (\$/BBL)</b>				
United States	\$ 39.70	\$ 43.75	\$ 40.15	\$ 49.14
Middle East/North Africa	\$ 29.14	\$ 29.32	\$ 32.65	\$ 34.76
Total Worldwide	\$ 38.78	\$ 42.06	\$ 39.52	\$ 47.52
<b>Natural Gas (\$/MCF)</b>				
United States	\$ 3.82	\$ 2.09	\$ 3.44	\$ 2.46
Latin America	\$ 11.32	\$ 12.06	\$ 11.46	\$ 11.84
Total Worldwide	\$ 2.83	\$ 1.72	\$ 2.60	\$ 1.97

<b>Average Index Prices</b>	Periods Ended June 30			
	Three Months		Six Months	
	2013	2012	2013	2012
WTI oil (\$/barrel)	\$ 94.22	\$ 93.49	\$ 94.30	\$ 98.21
Brent oil (\$/barrel)	\$ 103.35	\$ 108.90	\$ 108.00	\$ 113.63
NYMEX gas (\$/Mcf)	\$ 4.00	\$ 2.28	\$ 3.68	\$ 2.55

<b>Average Realized Prices as Percentage of Average Index Prices</b>	Periods Ended June 30			
	Three Months		Six Months	
	2013	2012	2013	2012
Worldwide oil as a percentage of average WTI	104%	106%	104%	106%
Worldwide oil as a percentage of average Brent	95%	91%	91%	91%
Worldwide NGLs as a percentage of average WTI	41%	45%	42%	48%
Domestic natural gas as a percentage of average NYMEX	95%	91%	93%	97%

Oil and gas segment earnings for the three and six months ended June 30, 2013 were \$2.1 billion and \$4.0 billion, respectively, compared to \$2.0 billion and \$4.5 billion for the same periods of 2012. The increase in oil and gas segment earnings for the three months ended June 30, 2013, compared to the same period of 2012, reflected higher domestic realized prices for oil and natural gas, lower operating costs and higher liquids volumes, partially offset by higher DD&A rates and lower Middle East/North Africa realized oil prices. The decrease for the six months ended June 30, 2013, compared to the same period of 2012, reflected lower worldwide oil and NGL prices and higher DD&A rates, partially offset by higher domestic gas prices and lower operating costs.

Approximately 60 percent of Occidental's oil production tracks world oil prices, such as Brent, and 40 percent tracks WTI. Price changes at current global prices and levels of production affect Occidental's quarterly pre-tax income by approximately \$38 million for a \$1.00 per barrel change in global oil prices and approximately \$8 million for a \$1.00 per barrel change in NGL prices. A change of \$0.50 per Mcf in domestic gas prices affects quarterly pre-tax earnings by approximately \$30 million. These price change sensitivities include the impact of volume changes from production-

sharing and similar contracts. If production levels change in the future, the sensitivity of Occidental's results to oil, NGL and gas prices also would change.

Oil and gas production in the second quarter of 2013 was 772,000 BOE per day, compared with 766,000 BOE per day for the same period of 2012. The second quarter 2013 production increase resulted from 8,000 BOE per day of increased volumes from domestic operations, partially offset by lower volumes of 2,000 BOE per day from international operations. Domestic production increases were achieved in California and the Permian. The second quarter 2013 domestic production was negatively impacted by 3,000 BOE per day due to severe storms in West Texas and the effect of planned turnarounds in the Permian. Internationally, Colombian production was lower due to higher insurgent activity. The impact of full cost recovery under production-sharing and similar contracts and other adjustments reduced production by 8,000 BOE per day. Sales volumes increased from 759,000 BOE per day in the second quarter of 2012 to 764,000 BOE per day in the second quarter of 2013. Sales volumes were lower than production volumes in the second quarter of 2013 due to the timing of liftings in Middle East/North Africa and Colombia, which lowered pre-tax earnings for the second quarter by approximately \$75 million.

Oil and gas production for the first six months of 2013 was 768,000 BOE per day, compared with 760,000 BOE per day for the same period of 2012. Year-over-year, Occidental's domestic production increased by approximately 3.5 percent or 16,000 BOE per day. In the second quarter of 2013, volumes were negatively impacted by severe storms in West Texas and the planned turnarounds in the Permian. International production was 8,000 BOE per day lower due to the first quarter 2013 planned maintenance turnaround in Qatar, the impact of full cost recovery at the Dolphin operations and higher insurgent activity in Colombia. Sales volumes were 755,000 BOE per day in the first six months of 2013, compared with 752,000 BOE per day for the same period in 2012. Sales volumes were lower than production volumes due to the timing of liftings mainly in Middle East/North Africa.

Oil and gas average production costs decreased from \$14.99 per BOE for the total year 2012 to \$13.40 per BOE and \$13.66 per BOE for the three and six months ended June 30, 2013, respectively. This decrease reflected the impact of the domestic operational efficiency initiative, where production costs were \$3.26 per barrel lower in the first six months of 2013 than the full year of 2012. In particular, Occidental has taken steps that resulted in lower costs for well maintenance, workovers and surface operations, which together make up a significant portion of the operating costs. These domestic production cost reductions were partially offset by the first quarter 2013 costs of planned maintenance turnarounds in Qatar and the Dolphin operations. Taxes other than on income, which are generally related to product prices, were \$2.66 per BOE for the first six months of 2013, compared to \$2.39 per BOE for the total year 2012. The 2013 amount includes California greenhouse gas expense of \$0.05 per BOE.

### ***Chemical Segment***

Chemical segment earnings for the three months ended June 30, 2013 were \$144 million, excluding the \$131 million pre-tax gain from the sale of the investment in Carbocloro, compared with \$194 million for the same period of 2012. The second quarter 2013 results reflected lower caustic soda export volumes due to continued weak economic conditions in Europe and slowing demand in Asia, particularly within the pulp and paper and alumina segments; reduced alumina demand in South America; continued weak chlorinated organics pricing in export markets resulting from new organics production in Asia; and higher energy and feedstock costs.

Chemical segment earnings for the six months ended June 30, 2013 were \$303 million, excluding the \$131 million pre-tax gain, compared to \$378 million for the same period of 2012. The 2013 results, compared to 2012, reflected higher energy and feedstock prices and continued weak export chlorinated organics pricing resulting from new organics production in Asia, partially offset by modest volume improvements across most products.

### ***Midstream and Marketing Segment***

Midstream and marketing segment earnings for the three months ended June 30, 2013 and 2012 were \$48 million and \$77 million, respectively. Earnings for the second quarter of 2013, compared to the same period of 2012, reflected lower marketing and trading performance driven by commodity price movements.

Midstream and marketing segment earnings for the six months ended June 30, 2013 and 2012, were \$263 million and \$208 million, respectively. Earnings for the first six months of 2013, compared to the same period of 2012, reflected improved performance in marketing and trading in the first quarter of 2013 and better results in the power generation business, offset by weaker results in the gas processing and foreign pipeline businesses.



## Corporate

As previously reported, Edward Djerejian was elected Chairman of the Board of Directors on May 3, 2013, replacing Dr. Ray Irani. Dr. Irani submitted his resignation as a director, effective as of May 15, 2013 and ceased serving as an executive of Occidental. In addition, certain other employees and several consulting arrangements were terminated during the quarter. As a result of these developments and actions, Occidental recorded a \$55 million pre-tax charge in the second quarter for the currently estimated costs of Dr. Irani's employment and post-employment benefits, and the termination of other employees and consulting arrangements.

### Liquidity and Capital Resources

At June 30, 2013, Occidental had approximately \$3.1 billion in cash on hand. In addition, Occidental has a bank credit facility (Credit Facility) with a \$2.0 billion commitment expiring in 2016. No amounts have been drawn under this Credit Facility. Income and cash flows are largely dependent on the oil and gas segment's prices and volumes. Occidental believes that cash on hand and cash generated from operations will be sufficient to fund its operating needs and planned capital expenditures, dividends and any debt payments. Occidental, from time to time, may access and has accessed debt markets for general corporate purposes, including acquisitions.

Although net income decreased by \$0.2 billion for the six months ended June 30, 2013, compared to the same period in 2012, net cash provided by operating activities increased by \$0.3 billion for 2013. Compared to 2012, net income in 2013 included higher DD&A, which, as a non-cash charge, reduced net income but not cash provided by operating activities. The year-over-year changes also reflected decreases in other 2013 non-cash items, compared to 2012, mainly comprising deferred income taxes and dry hole expenses. The 2013 cash flow from operating activities included an inflow from the collection of an expected \$0.4 billion tax receivable, partially offset by \$0.2 billion working capital changes.

Additionally, cash flow from operations in the first six months of 2013, compared to the same period of 2012, reflected 5-percent lower average realized worldwide oil prices and 17-percent lower worldwide NGL prices, partially offset by 40-percent higher average realized domestic gas prices and lower operating costs. 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 the chemical and midstream and marketing segments are significantly smaller.

Occidental's net cash used by investing activities was \$4.3 billion for the first six months of 2013, compared to \$6.2 billion for the same period of 2012. Capital expenditures, net, for the first six months of 2013 were \$4.2 billion, including \$3.4 billion for oil and gas. Capital expenditures for the first six months of 2012 were \$5.1 billion, including \$4.2 billion for oil and gas. The 2013 amount included \$0.3 billion of cash received from the sale of the investment in Carbocloro, partially offset by payments of \$0.2 billion for acquisitions of various interests in domestic oil and gas properties. The 2012 amount included payments of \$1.1 billion for acquisitions of various interests in domestic oil and gas properties.

Occidental's net cash used by financing activities was approximately \$0.4 billion for the first six months of 2013, compared to net cash provided by financing activities of approximately \$0.8 billion for the same period of 2012. The 2013 amount mainly comprised dividend payments of \$517 million. The 2012 amount included borrowings of \$1.7 billion, dividend payments of \$813 million and purchases of treasury stock of \$152 million. The dividend payments for the first six months of 2013 were lower than the first six months of 2012 due to the accelerated payment of the fourth quarter of 2012 dividend.

As of June 30, 2013, under the most restrictive covenants of its financing agreements, Occidental had substantial capacity for additional unsecured borrowings, the payment of cash dividends and other distributions on, or acquisitions of, Occidental stock.

Occidental expects the 2013 capital spending to be generally in line with its previous estimate of \$9.6 billion and will be focused on increasing oil production and ensuring Occidental's returns remain well above its cost of capital given current prices and the cost environment. Occidental believes there is a reasonable possibility that the 2013 capital spending could be lower due to the success of the capital efficiency efforts, which have resulted in significant cost reductions.

## Environmental Liabilities and Expenditures

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

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

As of June 30, 2013, Occidental participated in or monitored remedial activities or proceedings at 161 sites. The following table presents Occidental's environmental remediation reserves as of June 30, 2013, 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	33	\$ 52
Third-party sites	76	74
Occidental-operated sites	22	121
Closed or non-operated Occidental sites	30	80
Total	161	\$ 327

As of June 30, 2013, Occidental's environmental reserves exceeded \$10 million each at 11 of the 161 sites described above, and 114 of the sites had reserves from zero to \$1 million each. 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. Occidental believes its range of reasonably possible additional losses beyond those liabilities recorded for environmental remediation at these sites could be up to \$375 million. The status of Occidental's involvement with the sites and related significant assumptions have not changed materially since December 31, 2012.

Refer to the "Environmental Liabilities and Expenditures" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Occidental's Annual Report on Form 10-K for the year ended December 31, 2012, for additional information regarding Occidental's environmental expenditures.

## Lawsuits, Claims, Commitments and Contingencies

OPC or certain of its subsidiaries are involved, in the normal course of business, in lawsuits, claims and other legal proceedings that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties or injunctive or declaratory relief. OPC or certain of its subsidiaries also 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 OPC 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 assets with respect to which third parties retain liability or indemnify Occidental for conditions that existed prior to purchase.

Occidental accrues reserves for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. Occidental has disclosed its reserve balances for environmental matters. Reserve balances for other matters as of June 30, 2013 and December 31, 2012 were not material to Occidental's consolidated balance sheets. Occidental also evaluates the amount of reasonably possible losses that it could incur as a result of the matters mentioned above. Occidental has disclosed its range of reasonably possible additional losses for sites where it is a participant in environmental remediation. Occidental believes that other reasonably possible losses that it could incur in excess of reserves accrued on the balance sheet would not be material to its consolidated financial position or results of operations.

During the course of its operations, Occidental is subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. 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 which are subject to IRS review. Taxable years from 2000 through the current year remain subject to examination by foreign and state government tax authorities in certain jurisdictions. In certain of these jurisdictions, tax authorities are in various stages of auditing Occidental's income taxes. During the course of tax audits, disputes have arisen and other disputes may arise as to facts and matters of law. Occidental believes that the resolution of outstanding tax matters would not have a material adverse effect on its consolidated financial position or results of operations.

OPC, its subsidiaries or both have indemnified various parties against specified liabilities those parties might incur in the future in connection with purchases and other transactions that they have entered into with Occidental. These indemnities usually are contingent upon the other party incurring liabilities that reach specified thresholds. As of June 30, 2013, Occidental is not aware of circumstances that it believes would reasonably be expected to lead to indemnity claims that would result in payments materially in excess of reserves.

### **Recently Adopted Accounting and Disclosure Changes**

**Offsetting Assets and Liabilities** - Beginning in the quarter ended March 31, 2013, Occidental adopted new disclosure requirements relating to its derivatives in accordance with rules issued by the Financial Accounting Standards Board (FASB) in December 2011 and January 2013. These new rules require tabular disclosures of the outstanding derivatives' gross and net fair values, now including those that are subject to a master netting or similar arrangement and qualify for net presentation, but are not offset in the consolidated balance sheet.

**Reclassifications from Accumulated Other Comprehensive Income** - Beginning in the quarter ended March 31, 2013, Occidental adopted new disclosure requirements for reporting amounts reclassified out of each component of accumulated other comprehensive income into the income statement in accordance with rules issued by the FASB in February 2013.

These new disclosures were not material to Occidental's financial statements.

## Safe Harbor Statement Regarding Outlook and Forward-Looking Information

Portions of this report contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Actual results may differ materially from the results predicted, and reported results should not be considered an indication of future performance. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's specific products; higher-than-expected costs; the regulatory approval environment; not successfully completing, or any material delay of, field developments, expansion projects, capital expenditures, efficiency projects, acquisitions or dispositions; 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 and litigation for 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 the 2012 Form 10-K.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

For the three and six months ended June 30, 2013, there were no material changes in the information required to be provided under Item 305 of Regulation S-K included under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations (Incorporating Item 7A) — Derivative Activities and Market Risk" in the 2012 Form 10-K.

### Item 4. Controls and Procedures

Occidental's President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer supervised and participated in Occidental's evaluation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, Occidental's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer concluded that Occidental's disclosure controls and procedures were effective as of June 30, 2013.

There has been no change in Occidental's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the second quarter of 2013 that has materially affected, or is reasonably likely to materially affect, Occidental's internal control over financial reporting.

**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings**

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

In the second quarter, an OPC subsidiary settled a previously disclosed claim of the New Mexico Environment Department under the New Mexico Air Quality Control Act for a cash penalty of \$95,000 and an agreement to spend at least \$826,000 to install additional emission controls at a facility in Lea County, New Mexico.

**Item 2. Share Repurchase Activities**

Occidental's share repurchase activities for the three and six months ended June 30, 2013, were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
First Quarter 2013	—	\$ —	—	
April 1 – 30, 2013	—	\$ —	—	
May 1 – 31, 2013	239,444 <sup>(a)</sup>	\$ 90.23	—	
June 1 – 30, 2013	—	\$ —	—	
Second Quarter 2013	239,444	\$ 90.23	—	
Total	239,444	\$ 90.23	—	17,255,575

(a) Purchased from the trustee of Occidental's defined contribution savings plan; not part of publicly announced plans or programs.

**Item 6. Exhibits**

- 3.(ii) By-laws of Occidental, as amended through May 3, 2013 (filed as Exhibit 3.(ii) to the Current Report on Form 8-K of Occidental dated May 3, 2013 (date of earliest event reported), filed May 8, 2013, File No. 1-9210).
- 10.1 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Restricted Stock Incentive Award Terms and Conditions (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated July 10, 2013 (date of earliest event reported), filed July 16, 2013, File No. 1-9210).
- 10.2 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Total Shareholder Return Incentive Award Terms and Conditions (Equity-Based and Equity-Settled Award) (filed as Exhibit 10.1 to the Current Report on Form 8-K of Occidental dated July 22, 2013 (date of earliest event reported), filed July 26, 2013, File No. 1-9210).
- 10.3 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Restricted Stock Incentive Award Terms and Conditions (Performance-Based) (filed as Exhibit 10.2 to the Current Report on Form 8-K of Occidental dated July 22, 2013 (date of earliest event reported), filed July 26, 2013, File No. 1-9210).
- 10.4 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Return on Capital Employed Incentive Award Terms and Conditions (Equity-Based, Equity-Settled Award) (filed as Exhibit 10.3 to the Current Report on Form 8-K of Occidental dated July 22, 2013 (date of earliest event reported), filed July 26, 2013, File No. 1-9210).
- 10.5 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Terms and Conditions (Equity-Based, Equity-Settled Award) (filed as Exhibit 10.4 to the Current Report on Form 8-K of Occidental dated July 22, 2013 (date of earliest event reported), filed July 26, 2013, File No. 1-9210).
- 10.6 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Terms and Conditions (Equity-Based, Equity-Settled Award) (Americas) (filed as Exhibit 10.5 to the Current Report on Form 8-K of Occidental dated July 22, 2013 (date of earliest event reported), filed July 26, 2013, File No. 1-9210).
- 10.7 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Terms and Conditions (Equity-Based, Equity-Settled Award) (MENA) (filed as Exhibit 10.6 to the Current Report on Form 8-K of Occidental dated July 22, 2013 (date of earliest event reported), filed July 26, 2013, File No. 1-9210).
- 10.8 Occidental Petroleum Corporation Acknowledgement Letter dated April 29, 2013.
- 10.9 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Restricted Stock Incentive Award Terms and Conditions.
- 10.10 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Return on Capital Employed Incentive Award Terms and Conditions (Cash-Based, Cash-Settled Award).
- 10.11 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Chemical Corporation Return on Assets Incentive Award Terms and Conditions (Cash-Based, Cash-Settled Award).
- 10.12 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Terms and Conditions (Cash-Based, Cash-Settled Award).

- 10.13 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Terms And Conditions (Cash-Based, Cash-Settled Award) (Americas).
- 10.14 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Oil and Gas Corporation Return on Assets Incentive Award Terms and Conditions (Cash-Based, Cash-Settled Award) (MENA).
- 10.15 Occidental Petroleum Corporation 2005 Long-Term Incentive Plan Occidental Chemical Corporation Return on Assets Incentive Award Terms and Conditions (Equity-Based, Equity-Settled Award).
- 12 Statement regarding the computation of total enterprise ratios of earnings to fixed charges for the six months ended June 30, 2013 and 2012 and for each of the five years in the period ended December 31, 2012.
- 31.1 Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS XBRL Instance Document.
- 101.SCH XBRL Taxonomy Extension Schema Document.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.

## SIGNATURES

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

OCCIDENTAL PETROLEUM CORPORATION

DATE: August 5, 2013

/s/ Roy Pineci

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Roy Pineci

Vice President, Controller and

Principal Accounting Officer



## EXHIBIT INDEX

### EXHIBITS

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**Occidental Petroleum Corporation**

**Acknowledgement Letter**

On July 11, 2012, Occidental Petroleum Corporation (the "Company") granted me a Total Shareholder Return Incentive Award with a performance period of July 1, 2012 through June 30, 2015 (the "Award").

In accordance with announcements made by the Company today, I confirm that I have agreed that, if, Occidental's Total Shareholder Return for the Performance Period is negative, as calculated under Section 3 of the Award Terms and Conditions, my right to receive Shares in excess of 50% of the Performance Shares awarded will be forfeited.

/s/ STEPHEN I. CHAZEN

\_\_\_\_\_  
Stephen I. Chazen

Date: 4/29/13

**OCCIDENTAL PETROLEUM CORPORATION  
2005 LONG-TERM INCENTIVE PLAN  
RESTRICTED STOCK INCENTIVE AWARD TERMS AND CONDITIONS**

**DATE OF GRANT:** July 22, 2013

**SHARES OF RESTRICTED STOCK:** See Morgan Stanley Benefit Access  
"Stock-Based Awards/My Awards/Awarded"

**VESTING SCHEDULE:** 1/3 of Restricted Stock Shares on July 21, 2014  
1/3 of Restricted Stock Shares on July 21, 2015  
1/3 of Restricted Stock Shares on July 21, 2016

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

1. **GRANT OF RESTRICTED STOCK INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the number of shares of Restricted Stock set forth above. The Restricted Stock shall be fully paid and nonassessable and shall be represented by a book-entry account registered in the name of the Grantee with Occidental's registrar and stock transfer agent that will be subject to the restrictions hereinafter set forth until those shares have become transferable in accordance with Section 2.

2. **RESTRICTIONS ON TRANSFER.** (a) Until the shares of Restricted Stock have vested as provided in Paragraph 3, they may not be transferred, assigned, sold, pledged, exchanged, or otherwise encumbered or disposed of by the Grantee, except to Occidental or pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee); provided that the Grantee may designate from time to time a beneficiary or beneficiaries on a form approved by the Company (if enforceable under local law). If the Grantee dies without a beneficiary designation on file with Occidental at the time of death, the Grantee's interest in the Restricted Stock will be transferred by will or by the laws of descent and distribution.

(b) Further, if the Grantee was a Named Executive Officer during the last completed fiscal year prior to vesting, then such Grantee shall retain Beneficial Ownership of Shares equal to not less than 50% of the net after-tax Shares received under these Terms and Conditions until the third anniversary date of the vesting of the Restricted Stock under this Award (the "Beneficial Ownership Period"). Compliance with the foregoing requirement shall be determined by reference to the reports filed by the Grantee on Forms 3, 4, and 5, as applicable, pursuant to Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and the aggregate number of Shares

reported as Beneficially Owned during the Beneficial Ownership Period shall be not less than the sum of the number of Shares then required to be so owned pursuant to these Terms and Conditions and the terms and conditions of any other grant containing this or a similar requirement. For purposes of these Terms and Conditions, "Beneficial Ownership" has the meaning ascribed in Rule 16a-1(2) under the Exchange Act, and "Named Executive Officer" has the meaning ascribed thereto pursuant to Item 402 of Regulation S-K under the Exchange Act.

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

(b) Except as provided in this paragraph (b) and in paragraph (c), the Grantee must remain in the continuous employ of the Company through the applicable Vesting Date for the number of shares of Restricted Stock shown for such Vesting Date to become nonforfeitable. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee's employment among the Company and its affiliates or an approved leave of absence. If, prior to the final Vesting Date, the Grantee dies, becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, retires with the consent of the Company, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the number of shares of Restricted Stock will be reduced on a pro rata basis based upon the number obtained by (i) multiplying the total number of shares of Restricted Stock granted by a fraction, the numerator of which is the number of days between the Forfeiture Event and the Date of Grant and the denominator of which is the number of days between the Grant Date and the final Vesting Date and (ii) subtracting from the product the number of shares of Restricted Stock that vested prior to the Forfeiture Event. Such pro rata unvested shares of Restricted Stock shall vest as of the date of the Forfeiture Event and subject to Section 18 of these Terms and Conditions, shall become immediately nonforfeitable. If the Grantee terminates employment voluntarily or is terminated for cause before the final Vesting Date, then these Terms and Conditions will terminate automatically on the date of the Grantee's termination and the Grantee shall forfeit the Restricted Stock that has not vested prior to the Grantee's termination date.

(c) If a Change in Control event occurs prior to the final Vesting Date and the Grantee's employment is terminated by the Company as a result of that event, the number of shares of Restricted Stock that have not vested prior to the Change of Control will be reduced on a pro rata basis based upon the number obtained by (i) multiplying the total number of shares of Restricted Stock granted by a fraction, the numerator of which is the number of days between the Grant date and the later of the

date of the Change in Control and the date the Grantee's employment is terminated by the Company as a result of that event and the denominator of which is the number of days between the Grant Date and the final Vesting Date and (ii) subtracting from the product the number of shares of Restricted Stock that vested prior to the Change of Control event or the Grantee's termination of employment by the Company and will fully vest and become nonforfeitable unless, prior to the occurrence of the Change in Control event, the Committee, as provided in Section 7.1 of the Plan, determines that such event will not accelerate vesting of any of these Restricted Stock. Any such determination by the Committee is binding on the Grantee.

(d) Notwithstanding any provision to the contrary, no payment shall be made with respect to the Restricted Stock that would cause the total payments made to the Grantee to exceed the limits in the Golden Parachute Policy or not comply with the Section 18 of these Terms and Conditions.

4. **DIVIDEND, VOTING AND OTHER RIGHTS.** Except as otherwise provided herein, the Grantee shall have all of the rights of a stockholder with respect to the shares of Restricted Stock, including the right to vote such shares and receive any dividends that may be paid thereon; provided, however, that any additional shares of Common Stock or other securities that the Grantee may become entitled to receive pursuant to a stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, separation or reorganization or any other change in the capital structure of Occidental shall be subject to the same restrictions as the shares of Restricted Stock.

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

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

the Date of Grant and the date of any relevant taxable event, the Grantee acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

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

Notwithstanding its availability, the Grantee expressly agrees not to make an election pursuant to Section 83(b) of the U.S. Internal Revenue Code with respect to the shares of Restricted Stock granted pursuant to these Terms and Conditions.

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

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

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

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

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

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

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

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

amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

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

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

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

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



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

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

## Attachment 1

### General Terms of Employment

- A. Except as otherwise required by law or legal process, the Grantee will not publish or divulge to any person, firm, corporation or institution and will not use to the detriment of Occidental, or any of its subsidiaries or other affiliates, or any of their respective officers, directors, employees or stockholders (collectively, "Occidental Parties"), at any time during or after the Grantee's employment by any of them, any trade secrets or confidential information of any of them (whether generated by them or as a result of any of their business relationships), including such information as described in Occidental's Code of Business Conduct and other corporate policies, without first obtaining the written permission of an officer of the Company.
- B. At the time of leaving employment with the Company, the Grantee will deliver to the Company, and not keep or deliver to anyone else, any and all credit cards, drawings, blueprints, specifications, devices, notes, notebooks, memoranda, reports, studies, correspondence and other documents, and, in general, any and all materials relating to the Occidental Parties (whether generated by them or as a result of their business relationships), including any copies (whether in paper or electronic form), that the Grantee has in the Grantee's possession or control.
- C. The Grantee will, during the Grantee's employment by the Company, comply with the provisions of Occidental's Code of Business Conduct.
- D. Except as otherwise required by the Grantee's job or permitted by law, the Grantee will not make statements about any Occidental Parties (1) to the press, electronic media, to any part of the investment community, to the public, or to any person connected with, employed by or having a relationship with any of them without permission of an officer of the Company or (2) that are derogatory, defamatory or negative. Nothing herein, however, shall prevent Grantee from making a good faith report or complaint to appropriate governmental authorities. To the fullest extent permitted by law, Grantee will not interfere with or disrupt any of the Company's operations or otherwise take actions intended directly to harm any of the Occidental Parties.
- E. All inventions, developments, designs, improvements, discoveries and ideas that the Grantee makes or conceives in the course of employment by the Company, whether or not during regular working hours, relating to any design, article of manufacture, machine, apparatus, process, method, composition of matter, product or any improvement or component thereof, that are manufactured, sold, leased, used or under development by, or pertain to the present or possible future business of the Company shall be a work-for-hire and become and remain the property of Occidental, its successors and assigns.

The provisions of this Section do not apply to an invention that qualifies fully under the provisions of Section 2870 of the California Labor Code, which provides in

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

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

## Attachment 2

### Arbitration Provisions

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

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

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

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

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

**DATE OF GRANT:** July 22, 2013

**TARGET INCENTIVE AMOUNT:** See Morgan Stanley Benefit Access  
“Cash-Based Awards/My Awards/Awarded”

**PERFORMANCE PERIOD:** January 1, 2014 through December 31, 2016

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

1. **GRANT OF RETURN ON CAPITAL EMPLOYED INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the “Plan”), Occidental grants to the Grantee as of the Date of Grant, the right to receive in cash up to 200% of the Target Incentive Amount.
2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).
3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Capital Employed, as set forth on Exhibit 1. Return on Capital Employed for the purposes of Exhibit 1 shall be the percentage obtained by dividing (i) the sum of annual net income attributable to common stock for the Company, after adding back after-tax interest expense, for each year in the Performance Period, as reported in the Company’s Form 10-K by (ii) the average capital employed (long-term debt plus stockholders’ equity) for each year in the Performance Period, as reported in the Company’s Form 10-K.
4. **VESTING AND FORFEITURE OF RETURN ON CAPITAL EMPLOYED INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Return on Capital Employed Incentive Award through Morgan Stanley Benefit Access or any replacement on-line system designated by the Company.  
  
(b) Except as provided in this paragraph (b) and paragraph (e), the Grantee must remain in the continuous employ of the Company through the last day of the Performance Period to receive payment of this award. The continuous employment of the Grantee will not be deemed to have been interrupted by reason of the transfer of the Grantee’s employment among the Company and its affiliates or an approved leave of absence. If, prior to the end of the

Performance Period, the Grantee dies, becomes permanently disabled while in the employ of the Company and terminates employment as a result thereof, retires with the consent of the Company less than twelve months after the Date of Grant, or terminates employment for the convenience of the Company (each of the foregoing, a "Forfeiture Event"), then the Target Incentive Amount upon which the Grantee's award is based will be reduced on a pro rata basis based upon the number of days remaining in the Performance Period following the date of the Forfeiture Event. If the Grantee retires with the consent of the Company twelve months or more after the Date of Grant but on or before the last day of the Performance Period, then the Target Incentive Amount will not be reduced. If the Grantee terminates employment voluntarily or is terminated for cause before the end of the Performance Period, then these Terms and Conditions will terminate automatically on the date of the Grantee's termination and the Grantee shall forfeit the right to receive any cash hereunder.

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

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

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Grantee's right to receive cash equal to the Target Incentive Amount (as adjusted for any Forfeiture Event pursuant to Section 4(b)) will become nonforfeitable, subject to the limitations in Section 21 at the earlier of the date of Grantee's termination by the Company as a result of the Change in Control event or the last day of the Performance Period.

(f) Notwithstanding any provision to the contrary, no payment shall be made with respect to the Target Incentive Amount that would cause the total payments made to the Grantee to exceed the limits in the Golden Parachute Policy or not comply with the Section 21 of these Terms and Conditions.

5. **PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 6 of these Terms and Conditions, will be settled in cash only. Subject to Section 21, payment will be made to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in Control event, as the case may be, but in any event no later than the 15<sup>th</sup> day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

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

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

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

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

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

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

Grantee has a history of receiving Return on Capital Employed Incentive Awards, or other cash or stock awards.

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

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

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

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

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

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



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

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

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

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

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

19. **RELATION TO EMPLOYMENT AGREEMENT.** In the event of any inconsistent provisions between these Terms and Conditions and any employment agreement between the Grantee and the Company, the provisions of these Terms and Conditions control except with respect to Attachment 2 Arbitration Provisions.

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

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

**EXHIBIT 1**  
**2005 Long-Term Incentive Plan**

**2013 Occidental Petroleum Corporation**  
**Return on Capital Employed Incentive Award**

(Payment Percentage of Target Incentive Amount of Return on Capital Employed Incentive Award that becomes  
Nonforfeitable

Based on Return on Capital Employed for the Three-Year Period Ending  
December 31, 2016)

<u>End of Period Return on Capital Employed*</u>	<u>Payment Percentage**</u>
18%	200%
15%	150%
12%	100%
9%	25%
Less than 9%	0%

\* Thresholds will be adjusted up or down by 2% if the three-year average forward strip WTI prices as of December 31, 2013 are at least \$10 greater or less than, respectively, the three-year average forward strip WTI prices as of June 30, 2013.

Thresholds will be further adjusted up or down by 2% at the end of the performance period if actual average WTI prices over the Performance Period are at least \$10 greater or less than, respectively, the three-year average forward strip WTI prices as of December 31, 2013.

For purposes of the above adjustments, 3-year average forward strip WTI prices shall be the monthly average futures contract prices, as of the relevant dates, for West Texas Intermediate Crude Oil, Cushing Delivery on the New York Mercantile Exchange (NYMEX:CL) for the 36 months of the Performance Period. Actual WTI shall be the daily average closing price for West Texas Intermediate Crude Oil, Cushing Delivery on the New York Mercantile Exchange (NYMEX:CL) for all trading days during the Performance Period. All prices shall be as reported at [www.bloomberg.com](http://www.bloomberg.com) or other equivalent site.

\*\* Payment Percentages for Return on Capital Employed for other values between the values in the table will be linearly interpolated between the values in the table.

## Attachment 1

### General Terms of Employment

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

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

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

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

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

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

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

## Attachment 2

### Arbitration Provisions

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

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

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

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

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

**DATE OF GRANT:** July 22, 2013

**TARGET INCENTIVE AMOUNT:** See Morgan Stanley Benefit Access  
“Cash-Based Awards/My Awards/Awarded”

**PERFORMANCE PERIOD:** January 1, 2014 through December 31, 2016

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

1. **GRANT OF RETURN ON ASSETS INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the “Plan”), Occidental grants to the Grantee as of the Date of Grant, the right to receive in cash up to 200% of the Target Incentive Amount.
2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).
3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Assets, as set forth on Exhibit 1. Return on Assets, for the purposes of Exhibit 1, shall be the percentage obtained by (i) multiplying (A) the sum of Net Income for the Chemical Segment for each year in the Performance Period, as reported in the Company’s Annual Report on Form 10-K, by (B) 0.65; and (ii) dividing the resulting product by the sum of the Chemical Segment Assets as of December 31<sup>st</sup> for each year in the Performance Period, as reported in the Company’s Annual Report on Form 10-K. For the purpose of the foregoing sentence, “Net Income” shall be the pre-tax operating profit (loss) for the Chemical Segment as reported in the Company’s Annual Report on Form 10-K; and “Assets” will reflect all acquisitions, divestitures and write downs during the Performance Period unless the senior management of Occidental recommends exclusion and the Committee agrees.
4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Return on Assets Incentive Award through Morgan Stanley Benefit Access or any replacement on-line system designated by the Company.

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

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

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

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Grantee's right to receive cash equal to the Target Incentive Amount (as adjusted for any Forfeiture Event pursuant to Section 4(b)) will become nonforfeitable, subject to the limitations in Section 21 at the earlier of the date of Grantee's termination by the Company as a result of the Change in Control event or the last day of the Performance Period.

(f) Notwithstanding any provision to the contrary, no payment shall be made with respect to the Target Incentive Amount that would cause the total payments made to the Grantee to exceed the limits in the Golden Parachute Policy or not comply with the Section 21 of these Terms and Conditions.

**5. PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 6 of these Terms and Conditions, will be settled in cash only. Subject to Section 21, payment will be made to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in Control event, as the case may be, but in any event no later than the 15<sup>th</sup> day of the third month



following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

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

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

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

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

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

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Return on Assets Incentive Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any

severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Return on Assets Incentive Award does not create any contractual or other right to receive future grants of Return on Assets Incentive Awards or benefits in lieu of Return on Assets Incentive Awards, even if Grantee has a history of receiving Return on Assets Incentive Awards, or other cash or stock awards.

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

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

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

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

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

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

located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

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

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

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

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

19. **RELATION TO EMPLOYMENT AGREEMENT.** In the event of any inconsistent provisions

between these Terms and Conditions and any employment agreement between the Grantee and the Company, the provisions of these Terms and Conditions control except with respect to Attachment 2 Arbitration Provisions.

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

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

**EXHIBIT 1**  
**2005 Long-Term Incentive Plan**

**2013 Occidental Chemical Corporation**  
**Return on Assets Incentive Award**

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

<u>End of Period Return on Assets</u>	<u>Payment Percentage*</u>
15%	200%
12%	150%
10%	100%
7%	25%
Less than 7%	0%

\* Payment Percentages for Return on Assets for other values between the values in the table will be linearly interpolated between the values in the table.

## Attachment 1

### General Terms of Employment

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

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

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

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

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

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

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

## Attachment 2

### Arbitration Provisions

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

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

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

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



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

**DATE OF GRANT:** **July 22, 2013**  
**TARGET INCENTIVE AMOUNT:** **See Morgan Stanley Benefit Access  
"Cash-Based Awards/My Awards/Awarded"**  
**PERFORMANCE PERIOD:** **January 1, 2014 through December 31, 2016**

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

1. **GRANT OF RETURN ON ASSETS INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the right to receive in cash up to 200% of the Target Incentive Amount.
2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).
3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Assets, as set forth on Exhibit 1. Return on Assets for the purposes of Exhibit 1 shall be the percentage obtained by dividing (i) the sum of the Net Income for the Oil and Gas Segment (Total) for each year in the Performance Period by (ii) the sum of the Assets for the Oil and Gas Segment (Total) for each year in the Performance Period. For the purposes of the foregoing calculation, "Net Income" shall be Results of Operations for the Oil and Gas Segment (Total) for the applicable year and "Assets" will be the Net Capitalized Costs (Total) for the applicable year, in each case as reported in the Supplemental Oil and Gas Information contained in the Company's Annual Report on Form 10-K. For the purpose of the foregoing sentence, "Assets" will reflect all acquisitions, divestures and write downs during the Performance Period unless the senior management of Occidental recommends exclusion and the Committee agrees.
4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Return on Assets Incentive Award through Morgan Stanley Benefit Access or any replacement on-line system designated by the Company.

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

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

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

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Grantee's right to receive cash equal to the Target Incentive Amount (as adjusted for any Forfeiture Event pursuant to Section 4(b)) will become nonforfeitable, subject to the limitations in Section 21 at the earlier of the date of Grantee's termination by the Company as a result of the Change in Control event or the last day of the Performance Period.

(f) Notwithstanding any provision to the contrary, no payment shall be made with respect to the Target Incentive Amount that would cause the total payments made to the Grantee to exceed the limits in the Golden Parachute Policy or not comply with the Section 21 of these Terms and Conditions.

**5. PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 6 of these Terms and Conditions, will be settled in cash only. Subject to Section 21, payment will be made to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in Control event, as the case may be, but in any event no later than the 15<sup>th</sup> day of the third month

following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

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

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

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

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

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

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Return on Assets Incentive Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any

severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Return on Assets Incentive Award does not create any contractual or other right to receive future grants of Return on Assets Incentive Awards or benefits in lieu of Return on Assets Incentive Awards, even if Grantee has a history of receiving Return on Assets Incentive Awards, or other cash or stock awards.

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

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

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

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

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

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

located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

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

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

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

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

19. **RELATION TO EMPLOYMENT AGREEMENT.** In the event of any inconsistent provisions between these Terms and Conditions and any employment agreement between the Grantee and the Company, the provisions of these Terms and Conditions control except with respect to Attachment 2 Arbitration Provisions.

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

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

**EXHIBIT 1**  
**2005 Long-Term Incentive Plan**

**2013 Occidental Oil and Gas Corporation Return on Assets Incentive Award**  
(Payment Percentage of Target Incentive Amount of Return on Assets Incentive Award  
that becomes Nonforfeitable  
Based on Return on Assets for the Three-Year Period Ending December 31, 2016)

<u>End of Period Return on Assets*</u>	<u>Payment Percentage**</u>
20%	200%
17%	150%
13%	100%
9%	25%
Less than 9%	0%

\* Thresholds will be adjusted up or down by 2% if the three-year average forward strip WTI prices as of December 31, 2013 are at least \$10 greater or less than, respectively, the three-year average forward strip WTI prices as of June 30, 2013.

Thresholds will be further adjusted up or down by 2% at the end of the performance period if actual average WTI prices over the Performance Period are at least \$10 greater or less than, respectively, the three-year average forward strip WTI prices as of December 31, 2013.

For purposes of the above adjustments, 3-year average forward strip WTI prices shall be the monthly average futures contract prices, as of the relevant dates, for West Texas Intermediate Crude Oil, Cushing Delivery on the New York Mercantile Exchange (NYMEX:CL) for the 36 months of the Performance Period. Actual WTI shall be the daily average closing price for West Texas Intermediate Crude Oil, Cushing Delivery on the New York Mercantile Exchange (NYMEX:CL) for all trading days during the Performance Period. All prices shall be as reported at [www.bloomberg.com](http://www.bloomberg.com) or other equivalent site.

\*\* Payment Percentages for Return on Assets for other values between the values in the table will be linearly interpolated between the values in the table.

## Attachment 1

### General Terms of Employment

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

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

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

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

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

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



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

## **Attachment 2**

### **Arbitration Provisions**

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

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

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

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

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

**DATE OF GRANT:** July 22, 2013

**TARGET INCENTIVE AMOUNT:** See Morgan Stanley Benefit Access  
"Cash-Based Awards/My Awards/Awarded"

**PERFORMANCE PERIOD:** January 1, 2014 through December 31, 2016

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

1. **GRANT OF RETURN ON ASSETS INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the right to receive in cash up to 200% of the Target Incentive Amount.
2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).
3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Assets, as set forth on Exhibit 1. Return on Assets for the purposes of Exhibit 1 shall be the percentage obtained by dividing (i) the sum of the Net Income for the Oil and Gas Segment (United States and Latin America) for each year in the Performance Period by (ii) the sum of the Assets for the Oil and Gas Segment (United States and Latin America) for each year in the Performance Period. For the purposes of the foregoing calculation, "Net Income" shall be Results of Operations for the Oil and Gas Segment (United States and Latin America) for the applicable year and "Assets" will be the Net Capitalized Costs (United States and Latin America) for the applicable year, in each case as reported in the Supplemental Oil and Gas Information contained in the Company's Annual Report on Form 10-K. For the purpose of the foregoing sentence, "Assets" will reflect all acquisitions, divestitures and write downs during the Performance Period unless the senior management of Occidental recommends exclusion and the Committee agrees.
4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Return on Assets Incentive Award through Morgan Stanley Benefit Access or any replacement on-line system designated by the Company.

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

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

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

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Grantee's right to receive cash equal to the Target Incentive Amount (as adjusted for any Forfeiture Event pursuant to Section 4(b)) will become nonforfeitable, subject to the limitations in Section 21 at the earlier of the date of Grantee's termination by the Company as a result of the Change in Control event or the last day of the Performance Period.

(f) Notwithstanding any provision to the contrary, no payment shall be made with respect to the Target Incentive Amount that would cause the total payments made to the Grantee to exceed the limits in the Golden Parachute Policy or not comply with the Section 21 of these Terms and Conditions.

**5. PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 6 of these Terms and Conditions, will be settled in cash only. Subject to Section 21, payment will be made to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in

Control event, as the case may be, but in any event no later than the 15<sup>th</sup> day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

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

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

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

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

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

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Return on Assets Incentive Award is not part of normal or expected

compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Return on Assets Incentive Award does not create any contractual or other right to receive future grants of Return on Assets Incentive Awards or benefits in lieu of Return on Assets Incentive Awards, even if Grantee has a history of receiving Return on Assets Incentive Awards, or other cash or stock awards.

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

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

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

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

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

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

in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

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

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

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

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

19. **RELATION TO EMPLOYMENT AGREEMENT.** In the event of any inconsistent provisions between these Terms and Conditions and any employment agreement between the Grantee and the Company, the provisions of these Terms and Conditions control except with respect to Attachment 2 Arbitration Provisions.

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

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



**EXHIBIT 1**  
**2005 Long-Term Incentive Plan**

**2013 Occidental Oil and Gas Corporation Return on Assets Incentive Award**  
(Payment Percentage of Target Incentive Amount of Return on Assets Incentive Award  
that becomes Nonforfeitable  
Based on Return on Assets for the Three-Year Period Ending December 31, 2016)

<u>End of Period Return on Assets*</u>	<u>Payment Percentage**</u>
18%	200%
15%	150%
12%	100%
8%	25%
Less than 8%	0%

\* Thresholds will be adjusted up or down by 2% if the three-year average forward strip WTI prices as of December 31, 2013 are at least \$10 greater or less than, respectively, the three-year average forward strip WTI prices as of June 30, 2013.

Thresholds will be further adjusted up or down by 2% at the end of the performance period if actual average WTI prices over the Performance Period are at least \$10 greater or less than, respectively, the three-year average forward strip WTI prices as of December 31, 2013.

For purposes of the above adjustments, 3-year average forward strip WTI prices shall be the monthly average futures contract prices, as of the relevant dates, for West Texas Intermediate Crude Oil, Cushing Delivery on the New York Mercantile Exchange (NYMEX:CL) for the 36 months of the Performance Period. Actual WTI shall be the daily average closing price for West Texas Intermediate Crude Oil, Cushing Delivery on the New York Mercantile Exchange (NYMEX:CL) for all trading days during the Performance Period. All prices shall be as reported at [www.bloomberg.com](http://www.bloomberg.com) or other equivalent site.

\*\* Payment Percentages for Return on Assets for other values between the values in the table will be linearly interpolated between the values in the table.

## Attachment 1

### General Terms of Employment

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

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

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

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

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

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

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

## **Attachment 2**

### **Arbitration Provisions**

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

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

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

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

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

**DATE OF GRANT:** **July 22, 2013**  
**TARGET INCENTIVE AMOUNT:** **See Morgan Stanley Benefit Access  
"Cash-Based Awards/My Awards/Awarded"**  
**PERFORMANCE PERIOD:** **January 1, 2014 through December 31, 2016**

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

1. **GRANT OF RETURN ON ASSETS INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the "Plan"), Occidental grants to the Grantee as of the Date of Grant, the right to receive in cash up to 200% of the Target Incentive Amount.
2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).
3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Assets, as set forth on Exhibit 1. Return on Assets for the purposes of Exhibit 1 shall be the percentage obtained by dividing (i) the sum of the Net Income for the Oil and Gas Segment (Middle East/North Africa) for each year in the Performance Period by (ii) the sum of the Assets for the Oil and Gas Segment (Middle East/North Africa) for each year in the Performance Period. For the purposes of the foregoing calculation, "Net Income" shall be Results of Operations for the Oil and Gas Segment (Middle East/North Africa) for the applicable year and "Assets" will be the Net Capitalized Costs (Middle East/North Africa) for the applicable year, in each case as reported in the Supplemental Oil and Gas Information contained in the Company's Annual Report on Form 10-K. For the purpose of the foregoing sentence, "Assets" will reflect all acquisitions, divestitures and write downs during the Performance Period unless the senior management of Occidental recommends exclusion and the Committee agrees.
4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Return on Assets Incentive Award through Morgan Stanley Benefit Access or any replacement on-line system designated by the Company.

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

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

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

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Grantee's right to receive cash equal to the Target Incentive Amount (as adjusted for any Forfeiture Event pursuant to Section 4(b)) will become nonforfeitable, subject to the limitations in Section 21 at the earlier of the date of Grantee's termination by the Company as a result of the Change in Control event or the last day of the Performance Period.

(f) Notwithstanding any provision to the contrary, no payment shall be made with respect to the Target Incentive Amount that would cause the total payments made to the Grantee to exceed the limits in the Golden Parachute Policy or not comply with the Section 21 of these Terms and Conditions.

**5. PAYMENT OF AWARDS.** Up to and including 200% of the Target Incentive Amount, as adjusted pursuant to Sections 4 and 6 of these Terms and Conditions, will be settled in cash only. Subject to Section 21, payment will be made to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in

Control event, as the case may be, but in any event no later than the 15<sup>th</sup> day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

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

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

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

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

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

10. **RELATION TO OTHER BENEFITS.** The benefits received by the Grantee under these Terms and Conditions will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit sharing, retirement or other benefit or compensation plan maintained by the Company, including the amount of any life insurance coverage available to any beneficiary of the Grantee under any life insurance plan covering employees of the Company. Additionally, this Return on Assets Incentive Award is not part of normal or expected

compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses or long-service awards. The grant of this Return on Assets Incentive Award does not create any contractual or other right to receive future grants of Return on Assets Incentive Awards or benefits in lieu of Return on Assets Incentive Awards, even if Grantee has a history of receiving Return on Assets Incentive Awards, or other cash or stock awards.

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

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

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

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

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

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



in the implementation, administration and management of the Plan. These recipients may be located in the Grantee's country or elsewhere, and may have different data privacy laws and protections than the Grantee's country. By accepting these Terms and Conditions, the Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes described above. The Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting the Committee in writing. Refusing or withdrawing consent may affect the Grantee's ability to participate in the Plan.

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

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

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

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

19. **RELATION TO EMPLOYMENT AGREEMENT.** In the event of any inconsistent provisions between these Terms and Conditions and any employment agreement between the Grantee and the Company, the provisions of these Terms and Conditions control except with respect to Attachment 2 Arbitration Provisions.

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

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

**EXHIBIT 1**  
**2005 Long-Term Incentive Plan**

**2013 Occidental Oil and Gas Corporation Return on Assets Incentive Award**  
(Payment Percentage of Target Incentive Amount of Return on Assets Incentive Award  
that becomes Nonforfeitable  
Based on Return on Assets for the Three-Year Period Ending December 31, 2016)

<u>End of Period Return on Assets*</u>	<u>Payment Percentage**</u>
25%	200%
20%	150%
16%	100%
12%	25%
Less than 12%	0%

\* Thresholds will be adjusted up or down by 2% if the three-year average forward strip WTI prices as of December 31, 2013 are at least \$10 greater or less than, respectively, the three-year average forward strip WTI prices as of June 30, 2013.

Thresholds will be further adjusted up or down by 2% at the end of the performance period if actual average WTI prices over the Performance Period are at least \$10 greater or less than, respectively, the three-year average forward strip WTI prices as of December 31, 2013.

For purposes of the above adjustments, 3-year average forward strip WTI prices shall be the monthly average futures contract prices, as of the relevant dates, for West Texas Intermediate Crude Oil, Cushing Delivery on the New York Mercantile Exchange (NYMEX:CL) for the 36 months of the Performance Period. Actual WTI shall be the daily average closing price for West Texas Intermediate Crude Oil, Cushing Delivery on the New York Mercantile Exchange (NYMEX:CL) for all trading days during the Performance Period. All prices shall be as reported at [www.bloomberg.com](http://www.bloomberg.com) or other equivalent site.

\*\* Payment Percentages for Return on Assets for other values between the values in the table will be linearly interpolated between the values in the table.

## Attachment 1

### General Terms of Employment

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

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

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

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

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

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

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

## **Attachment 2**

### **Arbitration Provisions**

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

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

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

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

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

**DATE OF GRANT:** July 22, 2013

**TARGET NUMBER OF PERFORMANCE SHARES:** See Morgan Stanley Benefit Access  
“Stock-Based Awards/My Awards/Awarded”

**PERFORMANCE PERIOD:** January 1, 2014 through December 31, 2016

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

1. **GRANT OF RETURN ON ASSETS INCENTIVE AWARD.** In accordance with these Terms and Conditions and the Occidental Petroleum Corporation 2005 Long-Term Incentive Plan, as the same may be amended from time to time (the “Plan”), Occidental grants to the Grantee as of the Date of Grant, the right to receive in Shares up to 200% of the Target Number of Performance Shares. For the purposes of these Terms and Conditions, “Performance Shares” means a bookkeeping entry that records the equivalent of Shares awarded pursuant to Sections 4.2 and, to the extent applicable, 5.2 of the Plan that is payable upon the achievement of the Performance Goal. Performance Shares are not Shares and have no voting rights or, except as stated in Section 6, dividend rights.
2. **RESTRICTIONS ON TRANSFER.** Neither these Terms and Conditions nor any right to receive Shares or cash pursuant to these Terms and Conditions may be transferred or assigned by the Grantee other than (i) to a beneficiary designated on a form approved by the Company (if enforceable under local law), by will or, if the Grantee dies without designating a beneficiary of a valid will, by the laws of descent and distribution, or (ii) pursuant to a domestic relations order, if applicable, (if approved or ratified by the Committee).
3. **PERFORMANCE GOAL.** The Performance Goal for the Performance Period is based on the attainment of at least a minimum Return on Assets, as set forth on Exhibit 1. Return on Assets, for the purposes of Exhibit 1, shall be the percentage obtained by (i) multiplying (A) the sum of Net Income for the Chemical Segment for each year in the Performance Period, as reported in the Company’s Annual Report on Form 10-K, by (B) 0.65; and (ii) dividing the resulting product by the sum of the Chemical Segment Assets as of December 31<sup>st</sup> for each year in the Performance Period, as reported in the Company’s Annual Report on Form 10-K. For the purpose of the foregoing sentence, “Net Income” shall be the pre-tax operating profit (loss) for the Chemical Segment as reported in the Company’s Annual Report on Form 10-K; and “Assets” will reflect all acquisitions, divestures and write downs during the Performance Period unless the senior management of Occidental recommends exclusion and the Committee agrees.
4. **VESTING AND FORFEITURE OF RETURN ON ASSETS INCENTIVE AWARD.** (a) If the Grantee fails to accept this award prior to the next record date for the payment of dividends on Occidental Common Stock subsequent to the Date of Grant, then, notwithstanding any other provision of

this award, the Grantee shall forfeit all rights under this award and this award will become null and void. For purposes of this section, acceptance of the award shall occur on the date the Grantee accepts this Return on Assets Incentive Award through Morgan Stanley Benefit Access or any replacement on-line system designated by the Company.

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

(c) The Grantee's right to receive payment in an amount not to exceed 200% of the Target Number of Performance Shares, rounded up to the nearest whole share, will be based on, and become nonforfeitable upon the Committee's certification of, the attainment of the Performance Goal.

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

(e) Notwithstanding Section 4(c), if a Change in Control event occurs prior to the end of the Performance Period, the Target Number of Performance Shares will convert into an equivalent number of shares of Restricted Stock, subject to the transfer restrictions in Section 2 and the limitations in Section 22 through the earlier of the date of the Grantee's termination by the Company as a result of the Change in Control event or the last day of the Performance Period.

(f) Notwithstanding any provision to the contrary, no payment shall be made with respect to the Performance Shares that would cause the total payments made to the Grantee to exceed the limits in the Golden Parachute Policy or not comply with the Section 22 of these Terms and Conditions.



5. **PAYMENT OF AWARDS.** Up to and including 200% of the Target Number of Performance Shares, as adjusted pursuant to Sections 4 and 6 of these Terms and Conditions, will be settled in Shares only. The Shares covered by these Terms and Conditions or any prorated portion thereof shall be issued to the Grantee as promptly as practicable after the Committee's certification of the attainment of the Performance Goal or the Change in Control event, as the case may be, but in any event no later than the 15<sup>th</sup> day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

6. **CREDITING AND PAYMENT OF DIVIDEND EQUIVALENTS.** With respect to the number of Performance Shares listed above, the Grantee will be credited on the books and records of Occidental with an amount (the "Dividend Equivalent") equal to the amount per share of any cash dividends declared by the Board on the outstanding Shares as and when declared with a record date during the period beginning on the Date of Grant and ending with respect to any portion of the Performance Shares covered by these Terms and Conditions on the date on which the Committee certifies the attainment of the Performance Goal or the Change in Control event, as the case may be, or, if earlier, the date on which the Grantee forfeits the right to receive such portion. Occidental will pay in cash to the Grantee an amount equal to the Dividend Equivalents credited to such Grantee, adjusted, if appropriate, to reflect the same payment percentage that is used to determine the payment of the Performance Shares following certification of the attainment of the Performance Goal or the Change in Control event, as the case may be, as promptly as may be practicable following such certification or Change in Control event, but, in any event, no later than the 15<sup>th</sup> day of the third month following the end of the first taxable year in which the award is no longer subject to a substantial risk of forfeiture.

7. **ADJUSTMENTS.** (a) The number of Performance Shares or kind of shares of stock covered by these Terms and Conditions shall be adjusted as the Committee determines pursuant to Section 7.2 of the Plan in order to prevent dilution or expansion of the Grantee's rights under these Terms and Conditions as a result of events such as stock dividends, stock splits or other changes in the capital structure of Occidental, or any merger, consolidation, spin-off, liquidation or other corporate transaction having a similar effect. If any such adjustment occurs, the Company will give the Grantee written notice of the adjustment.

(b) The Committee may adjust the Performance Goal or other features of this Grant as permitted by Section 5.2.3 of the Plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20. **RELATION TO EMPLOYMENT AGREEMENT.** In the event of any inconsistent provisions between these Terms and Conditions and any employment agreement between the Grantee and the Company, the provisions of these Terms and Conditions control except with respect to Attachment 2 Arbitration Provisions.

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

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

**EXHIBIT 1**  
**2005 Long-Term Incentive Plan**

**2013 Occidental Chemical Corporation Return on Assets Incentive Award**  
(Payment Percentage of Target Number of Performance Shares of  
Return on Assets Incentive Award  
that becomes Nonforfeitable  
Based on Return on Assets for the Three-Year Period Ending December 31, 2016)

<u>End of Period Return on Assets</u>	<u>Payment Percentage*</u>
15%	200%
12%	150%
10%	100%
7%	25%
Less than 7%	0%

\* Payment Percentages for Return on Assets for other values between the values in the table will be linearly interpolated between the values in the table.

## Attachment 1

### General Terms of Employment

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

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

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

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

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

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

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



## **Attachment 2**

### **Arbitration Provisions**

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

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

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

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

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

	Six Months Ended June 30		Year Ended December 31				
	2013	2012	2012	2011	2010	2009	2008
Income from continuing operations	\$ 2,686	\$ 2,892	\$ 4,635 <sup>(a)</sup>	\$ 6,640	\$ 4,641	\$ 3,202	\$ 7,299
Add/(Subtract):							
Net income attributable to noncontrolling interest	—	—	—	—	(72)	(51)	(116)
Adjusted income from equity investments <sup>(b)</sup>	(18)	85	163	(33)	(60)	(88)	(84)
	<u>2,668</u>	<u>2,977</u>	<u>4,798</u>	<u>6,607</u>	<u>4,509</u>	<u>3,063</u>	<u>7,099</u>
Add:							
Provision for taxes on income (other than foreign oil and gas taxes)	792	885	708	1,795	1,099	695	2,213
Interest and debt expense	64	58	130	135 <sup>(c)</sup>	116	140	133
Portion of lease rentals representative of the interest factor	29	29	59	60	57	57	58
	<u>885</u>	<u>972</u>	<u>897</u>	<u>1,990</u>	<u>1,272</u>	<u>892</u>	<u>2,404</u>
Earnings before fixed charges	<u>\$ 3,553</u>	<u>\$ 3,949</u>	<u>\$ 5,695</u>	<u>\$ 8,597</u>	<u>\$ 5,781</u>	<u>\$ 3,955</u>	<u>\$ 9,503</u>
Fixed charges:							
Interest and debt expense including capitalized interest	\$ 134	\$ 117	\$ 254	\$ 221 <sup>(c)</sup>	\$ 203	\$ 218	\$ 201
Portion of lease rentals representative of the interest factor	29	29	59	60	57	57	58
Total fixed charges	<u>\$ 163</u>	<u>\$ 146</u>	<u>\$ 313</u>	<u>\$ 281</u>	<u>\$ 260</u>	<u>\$ 275</u>	<u>\$ 259</u>
Ratio of earnings to fixed charges	<u>21.80</u>	<u>27.05</u>	<u>18.19</u>	<u>30.59</u>	<u>22.23</u>	<u>14.38</u>	<u>36.69</u>

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

- (a) Includes after-tax charges of \$1.1 billion for the impairment of domestic gas assets and related items.  
(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.

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

I, Stephen I. Chazen, certify that:

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

Date: August 5, 2013

/s/ Stephen I. Chazen

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Stephen I. Chazen

President and Chief Executive Officer

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

I, Cynthia L. Walker, certify that:

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

Date: August 5, 2013

/s/ Cynthia L. Walker

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Cynthia L. Walker

Executive Vice President and Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Occidental Petroleum Corporation (the "Company") for the fiscal period ended June 30, 2013, as filed with the Securities and Exchange Commission on August 5, 2013 (the "Report"), Stephen I. Chazen, as Chief Executive Officer of the Company, and Cynthia L. Walker, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge, respectively:

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

/s/ Stephen I. Chazen

Name: Stephen I. Chazen  
Title: President and Chief Executive Officer  
Date: August 5, 2013

/s/ Cynthia L. Walker

Name: Cynthia L. Walker  
Title: Executive Vice President and Chief Financial Officer  
Date: August 5, 2013

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.