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

**FORM 8-K**

**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported) October 28, 2008**

**OCCIDENTAL PETROLEUM CORPORATION**

(Exact name of registrant as specified in its charter)

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

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

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

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

**90024**  
(ZIP code)

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

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

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

## Section 2 – Financial Information

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

On October 28, 2008, Occidental Petroleum Corporation released information regarding its results of operations for the three months ended September 30, 2008. The exhibits to this Form 8-K and the information set forth in this Item 2.02 are being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The full text of the press release is attached to this report as Exhibit 99.1. The full text of the speech given by Stephen I. Chazen is attached to this report as Exhibit 99.2. Investor Relations Supplemental Schedules are attached to this report as Exhibit 99.3. Earnings Conference Call Slides are attached to this report as Exhibit 99.4.

## Section 8 – Other Events

### Item 8.01. Other Events

On October 28, 2008, Occidental Petroleum Corporation announced net income of \$2.271 billion (\$2.78 per diluted share) for the third quarter of 2008, compared with \$1.324 billion (\$1.58 per diluted share) for the third quarter of 2007.

#### QUARTERLY RESULTS

##### Oil and Gas

Oil and gas segment earnings were \$3.618 billion for the third quarter of 2008, compared with \$1.955 billion for the same period in 2007. The \$1.7 billion increase in the third quarter 2008 segment earnings reflected \$1.8 billion of increases from higher crude oil and natural gas prices, higher oil and gas production and lower exploration expense, partially offset by increased DD&A rates and higher operating expenses.

For the third quarter of 2008, daily oil and gas production averaged 588,000 barrels of oil equivalent (BOE), compared with 570,000 BOE per day produced in the third quarter of 2007. The bulk of the production increase was the result of 31,000 BOE per day higher production from the Dolphin project, which began production in the third quarter of 2007, partially offset by 5,000 BOE per day lower production resulting from Hurricane Ike and 13,000 BOE per day lower production in Libya as a result of the new contract that became effective in the third quarter of 2008.

Oxy's realized price for worldwide crude oil was \$104.15 per barrel for the third quarter of 2008, compared with \$67.81 per barrel for the third quarter of 2007. Domestic realized gas prices increased from \$5.90 per MCF in the third quarter of 2007 to \$9.35 per MCF for the third quarter of 2008.

##### Chemicals

Chemical segment earnings for the third quarter of 2008 were \$219 million, compared with \$212 million for the same period in 2007. The third quarter of 2008 results reflect higher caustic soda margins, partially offset by lower volumes and margins for chlorine and polyvinyl chloride.

### Midstream, Marketing and Other

Midstream segment earnings were \$66 million for the third quarter of 2008, compared with \$86 million for the third quarter of 2007. The third quarter of 2008 reflects lower margins in crude oil marketing, partially offset by higher pipeline income from Dolphin, which came on line in the second half of 2007, and higher margins in gas processing and power generation.

### NINE MONTHS RESULTS

Net income for the nine months of 2008 was \$6.414 billion (\$7.79 per diluted share), compared with \$3.948 billion (\$4.69 per diluted share) for the nine months of 2007.

Core results were \$6.391 billion (\$7.76 per diluted share) for the nine months of 2008, compared with \$2.941 billion (\$3.50 per diluted share) for the nine months of 2007. See the attached schedule for a reconciliation of net income to core results.

### Oil and Gas

Oil and gas segment earnings were \$10.312 billion for the nine months of 2008, compared with \$5.496 billion for the same period of 2007. Oil and gas core results were \$4.908 billion for the nine months of 2007 after excluding a \$412 million gain from the sale of Occidental's Russian joint venture interests, a \$35 million gain from the sale of other oil and gas interests, \$112 million income from the resolution of certain legal disputes and a \$29 million gain from the sale of exploration properties, net of impairments. The \$5.4 billion increase in the 2008 core results from \$4.9 billion in 2007 reflected \$5.5 billion from higher crude oil and natural gas prices, increased oil and gas production and lower exploration expense, partially offset by higher operating expenses and increased DD&A rates.

Daily oil and gas production for the first nine months was 594,000 BOE per day for 2008, compared with 563,000 BOE per day for the same 2007 period. The 5.5 percent increase was largely the result of 44,000 BOE per day higher production from the Dolphin project, partially offset by 5,000 BOE per day lower production in Libya resulting from the new contract.

Oxy's realized price for worldwide crude oil was \$100.39 per barrel for the nine months of 2008, compared with \$59.47 per barrel for the nine months of 2007. Domestic realized gas prices increased from \$6.45 per MCF in the nine months of 2007 to \$9.18 per MCF in the nine months of 2008.

### Chemicals

Chemical segment earnings were \$542 million for the nine months of 2008, compared with \$507 million for the nine months of 2007. The 2008 results reflect higher margins for caustic soda, partially offset by lower volumes and margins for chlorine and polyvinyl chloride.

### Midstream, Marketing and Other

Midstream segment earnings were \$350 million for the nine months of 2008, compared with \$229 million for the same period in 2007. The improvement in 2008 reflected higher pipeline income from the Dolphin Pipeline and higher margins in gas processing and power generation, partially offset by lower margins in crude oil marketing.

### Forward-Looking Statements

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

**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

(Millions, except per-share amounts)	Third Quarter		Nine Months	
	2008	2007	2008	2007
<b>SEGMENT NET SALES</b>				
Oil and Gas	\$ 5,422	\$ 3,401	\$ 15,441	\$ 9,182
Chemical	1,454	1,241	4,107	3,530
Midstream, Marketing and Other	381	337	1,204	975
Eliminations	(197)	(138)	(556)	(420)
Net sales	<u>\$ 7,060</u>	<u>\$ 4,841</u>	<u>\$ 20,196</u>	<u>\$ 13,267</u>
<b>SEGMENT EARNINGS</b>				
Oil and Gas (a)	\$ 3,618	\$ 1,955	\$ 10,312	\$ 5,496
Chemical	219	212	542	507
Midstream, Marketing and Other	66	86	350	229
	<u>3,903</u>	<u>2,253</u>	<u>11,204</u>	<u>6,232</u>
<b>Unallocated Corporate Items</b>				
Interest expense, net (b)	(3)	(11)	(10)	(186)
Income taxes	(1,546)	(862)	(4,511)	(2,450)
Other (c)	(82)	(64)	(292)	34
<b>Income from Continuing Operations</b>	<u>2,272</u>	<u>1,316</u>	<u>6,391</u>	<u>3,630</u>
Discontinued operations, net (d)	(1)	8	23	318
<b>NET INCOME</b>	<u>\$ 2,271</u>	<u>\$ 1,324</u>	<u>\$ 6,414</u>	<u>\$ 3,948</u>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 2.79	\$ 1.58	\$ 7.79	\$ 4.34
Discontinued operations, net (d)	—	0.01	0.03	0.38
	<u>\$ 2.79</u>	<u>\$ 1.59</u>	<u>\$ 7.82</u>	<u>\$ 4.72</u>
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 2.78	\$ 1.57	\$ 7.76	\$ 4.31
Discontinued operations, net (d)	—	0.01	0.03	0.38
	<u>\$ 2.78</u>	<u>\$ 1.58</u>	<u>\$ 7.79</u>	<u>\$ 4.69</u>
<b>AVERAGE COMMON SHARES OUTSTANDING</b>				
BASIC	815.3	833.1	820.1	837.0
DILUTED	<u>817.7</u>	<u>837.0</u>	<u>823.8</u>	<u>840.9</u>

See footnotes on following page.

- (a) **Oil and Gas** - The third quarter of 2007 includes a \$103 million pre-tax gain from the sale of exploration properties, partially offset by a \$74 million pre-tax charge for exploration impairments. The nine months of 2007 also includes an after-tax gain of \$412 million from the sale of Occidental's Russian joint venture interests, a \$112 million after-tax gain resulting from the resolution of certain legal disputes and a \$35 million pre-tax gain from the sale of oil and gas interest.
- (b) **Interest Expense, net** - The first nine months of 2007 includes \$167 million of pre-tax interest charges for the purchase of various debt issues in the open market. The net interest expense of \$10 million for the first nine months of 2008 included interest expense of \$94 million offset by \$84 million of interest income. The net interest expense of \$186 million for the first nine months of 2007 included interest expense of \$297 million offset by \$111 million of interest income.
- (c) **Unallocated Corporate Items - Other** - Includes a \$42 million pre-tax gain from the sale of Lyondell shares for the third quarter of 2007 and an additional \$284 million pre-tax gain in the first nine months of 2007. The first nine months of 2007 also includes a \$47 million pre-tax charge for a plant closure and related environmental remediation reserve.
- (d) **Discontinued Operations, net** - In the first nine months of 2008, Occidental received payment from Ecuador for tax refunds. In 2007, Occidental completed an exchange of oil and gas interests in Horn Mountain with BP p.l.c. (BP) for oil and gas interests in the Permian Basin and a gas processing plant in Texas. Occidental also sold its oil and gas interests in Pakistan to BP.

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

(\$ millions)	Third Quarter		Nine Months	
	2008	2007	2008	2007
<b>CAPITAL EXPENDITURES</b>	<u>\$ 1,239</u>	<u>\$ 880</u>	<u>\$ 3,223</u>	<u>\$ 2,510</u>
<b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b>	<u>\$ 683</u>	<u>\$ 602</u>	<u>\$ 1,957</u>	<u>\$ 1,740</u>

**SUMMARY OF OPERATING STATISTICS**

	Third Quarter		Nine Months	
	2008	2007	2008	2007
<b>NET OIL, GAS AND LIQUIDS</b>				
<b>PRODUCTION PER DAY</b>				
United States				
Crude Oil and Liquids (MBBL)				
California	87	90	86	89
Permian	166	171	168	167
Midcontinent and Rockies	8	4	6	3
Total	261	265	260	259
Natural Gas (MMCF)				
California	236	264	239	254
Permian	169	182	179	189
Midcontinent and Rockies	165	158	166	154
Total	570	604	584	597
Latin America				
Crude Oil (MBBL)				
Argentina	38	31	32	33
Colombia	43	42	43	43
Total	81	73	75	76
Natural Gas (MMCF)				
Argentina	24	22	19	24
Bolivia	21	18	21	17
Total	45	40	40	41
Middle East/North Africa				
Crude Oil and Liquids (MBBL)				
Oman	23	18	21	20
Dolphin	18	3	20	1
Qatar	49	46	47	46
Yemen	20	22	22	26
Libya	7	20	17	22
Total	117	109	127	115
Natural Gas (MMCF)				
Oman	25	34	24	31
Dolphin	165	69	176	23
Total	190	103	200	54
<b>Barrels of Oil Equivalent (MBOE)</b>				
Subtotal consolidated subsidiaries	593	572	599	566
Colombia-minority interest	(7)	(4)	(7)	(5)
Yemen-Occidental net interest	2	2	2	2
<b>Total Worldwide Production - MBOE</b>	<b>588</b>	<b>570</b>	<b>594</b>	<b>563</b>

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS**

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



## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

(\$ millions, except per-share amounts)				Third Quarter
	2008	Diluted EPS	2007	Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 2,271</b>	<b>\$ 2.78</b>	<b>\$ 1,324</b>	<b>\$ 1.58</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 3,618		\$ 1,955	
Less:				
Gain on sale of oil & gas interests	—		12	
Sale of exploration properties	—		103	
Exploration impairments	—		(74)	
Segment Core Results	<u>3,618</u>		<u>1,914</u>	
<b>Chemicals</b>				
Segment Earnings	219		212	
Less:				
No significant items affecting earnings	—		—	
Segment Core Results	<u>219</u>		<u>212</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	66		86	
Less:				
No significant items affecting earnings	—		—	
Segment Core Results	<u>66</u>		<u>86</u>	
<b>Total Segment Core Results</b>	<b><u>3,903</u></b>		<b><u>2,212</u></b>	
<b>Corporate</b>				
Corporate Results — Non Segment*	(1,632)		(929)	
Less:				
Gain on sale of Lyondell shares	—		42	
Tax effect of pre-tax adjustments	—		23	
Discontinued operations, net**	(1)		8	
Corporate Core Results — Non Segment	<u>(1,631)</u>		<u>(1,002)</u>	
<b>TOTAL CORE RESULTS</b>	<b>\$ 2,272</b>	<b>\$ 2.78</b>	<b>\$ 1,210</b>	<b>\$ 1.45</b>

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

\*\*Amounts shown after tax.

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

(\$ millions, except per-share amounts)				Nine Months
	2008	Diluted EPS	2007	Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 6,414</b>	<b>\$ 7.79</b>	<b>\$ 3,948</b>	<b>\$ 4.69</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 10,312		\$ 5,496	
Less:				
Gain on sale of oil & gas interests	—		35	
Russia joint venture**	—		412	
Legal settlements**	—		112	
Sale of exploration properties	—		103	
Exploration impairments	—		(74)	
Segment Core Results	<u>10,312</u>		<u>4,908</u>	
<b>Chemicals</b>				
Segment Earnings	542		507	
Less:				
No significant items affecting earnings	—		—	
Segment Core Results	<u>542</u>		<u>507</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	350		229	
Less:				
No significant items affecting earnings	—		—	
Segment Core Results	<u>350</u>		<u>229</u>	
<b>Total Segment Core Results</b>	<u>11,204</u>		<u>5,644</u>	
<b>Corporate</b>				
Corporate Results — Non Segment*	(4,790)		(2,284)	
Less:				
Debt purchase expense	—		(167)	
Facility closure	—		(47)	
Gain on sale of Lyondell shares	—		326	
Tax effect of pre-tax adjustments	—		(11)	
Discontinued operations, net**	23		318	
Corporate Core Results — Non Segment	<u>(4,813)</u>		<u>(2,703)</u>	
<b>TOTAL CORE RESULTS</b>	<b>\$ 6,391</b>	<b>\$ 7.76</b>	<b>\$ 2,941</b>	<b>\$ 3.50</b>

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

\*\*Amounts shown after tax.

## Section 9 – Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits

#### (d) Exhibits

- 99.1 Press release dated October 28, 2008.
- 99.2 Full text of speech given by Stephen I. Chazen.
- 99.3 Investor Relations Supplemental Schedules.
- 99.4 Earnings Conference Call Slides.
- 99.5 Forward-Looking Statements Disclosure for Earnings Release Presentation Materials.

SIGNATURE

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

OCCIDENTAL PETROLEUM CORPORATION  
(Registrant)

DATE: October 28, 2008


/s/ JIM A. LEONARD

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

## EXHIBIT INDEX

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# Oxy News Release

 **Occidental Petroleum Corporation**  
10889 Wilshire Boulevard  
Los Angeles, California 90024-4201  
310.208.8800  
www.oxy.com

For Immediate Release: October 28, 2008

## Occidental Petroleum Announces Third Quarter Net Income

LOS ANGELES, October 28, 2008 -- Occidental Petroleum Corporation (NYSE: OXY) announced net income of \$2.271 billion (\$2.78 per diluted share) for the third quarter of 2008, compared with \$1.324 billion (\$1.58 per diluted share) for the third quarter of 2007.

In announcing the results, Dr. Ray R. Irani, Chairman and Chief Executive Officer, said, "Our production grew by 3 percent for the third quarter and 5.5 percent for the first nine months compared to last year. As we look forward, we believe our disciplined approach to fiscal management has positioned the company to continue to succeed in the current economic climate."

## **QUARTERLY RESULTS**

### Oil and Gas

Oil and gas segment earnings were \$3.618 billion for the third quarter of 2008, compared with \$1.955 billion for the same period in 2007. The \$1.7 billion increase in the third quarter 2008 segment earnings reflected \$1.8 billion of increases from higher crude oil and natural gas prices, higher oil and gas production and lower exploration expense, partially offset by increased DD&A rates and higher operating expenses.

For the third quarter of 2008, daily oil and gas production averaged 588,000 barrels of oil equivalent (BOE), compared with 570,000 BOE per day produced in the third quarter of 2007. The bulk of the production increase was the result of 31,000 BOE per day higher production from the Dolphin project, which began production in the third quarter of 2007, partially offset by 5,000 BOE per day lower production resulting from Hurricane Ike and 13,000 BOE per day lower production in Libya as a result of the new contract that became effective in the third quarter of 2008.

Oxy's realized price for worldwide crude oil was \$104.15 per barrel for the third quarter of 2008, compared with \$67.81 per barrel for the third quarter of 2007. Domestic realized gas prices increased from \$5.90 per MCF in the third quarter of 2007 to \$9.35 per MCF for the third quarter of 2008.

#### **Chemicals**

Chemical segment earnings for the third quarter of 2008 were \$219 million, compared with \$212 million for the same period in 2007. The third quarter of 2008 results reflect higher caustic soda margins, partially offset by lower volumes and margins for chlorine and polyvinyl chloride.

#### **Midstream, Marketing and Other**

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#### **NINE MONTHS RESULTS**

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#### **Oil and Gas**

Oil and gas segment earnings were \$10.312 billion for the nine months of 2008, compared with \$5.496 billion for the same period of 2007. Oil and gas core results were \$4.908 billion for the nine months of 2007 after excluding a \$412 million gain from the sale of Occidental's Russian joint venture interests, a \$35 million gain from the sale of other oil and gas interests, \$112 million income from the resolution of certain legal disputes and a \$29 million gain from the sale of exploration properties, net of impairments. The \$5.4 billion increase in the 2008 core results from \$4.9 billion in 2007 reflected \$5.5 billion from

higher crude oil and natural gas prices, increased oil and gas production and lower exploration expense, partially offset by higher operating expenses and increased DD&A rates.

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#### **Midstream, Marketing and Other**

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#### **About Oxy**

Occidental Petroleum Corporation is an international oil and gas exploration and production company with operations in the United States, Middle East/North Africa and Latin America regions. Oxy is the fourth largest U.S. oil and gas company, based on equity market capitalization. Oxy's wholly owned subsidiary, OxyChem, manufactures and markets chlor-alkali products and vinyls. Occidental is committed to safeguarding the environment, protecting the safety and health of employees and



neighboring communities and upholding high standards of social responsibility in all of the company's worldwide operations.

### **Forward-Looking Statements**

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

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310-443-6249

Chris Stavros (investors)  
[chris\\_stavros@oxy.com](mailto:chris_stavros@oxy.com)  
212-603-8184

For further analysis of Occidental's quarterly performance, please visit the web site: [www.oxy.com](http://www.oxy.com)

**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

(Millions, except per-share amounts)	Third Quarter		Nine Months	
	2008	2007	2008	2007
<b>SEGMENT NET SALES</b>				
Oil and Gas	\$ 5,422	\$ 3,401	\$ 15,441	\$ 9,182
Chemical	1,454	1,241	4,107	3,530
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<b>SEGMENT EARNINGS</b>				
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	<u>3,903</u>	<u>2,253</u>	<u>11,204</u>	<u>6,232</u>
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	<u>2,272</u>	<u>1,316</u>	<u>6,391</u>	<u>3,630</u>
Discontinued operations, net (d)	(1)	8	23	318
<b>NET INCOME</b>	<u>\$ 2,271</u>	<u>\$ 1,324</u>	<u>\$ 6,414</u>	<u>\$ 3,948</u>
<b>BASIC EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 2.79	\$ 1.58	\$ 7.79	\$ 4.34
Discontinued operations, net (d)	—	0.01	0.03	0.38
	<u>\$ 2.79</u>	<u>\$ 1.59</u>	<u>\$ 7.82</u>	<u>\$ 4.72</u>
<b>DILUTED EARNINGS PER COMMON SHARE</b>				
Income from continuing operations	\$ 2.78	\$ 1.57	\$ 7.76	\$ 4.31
Discontinued operations, net (d)	—	0.01	0.03	0.38
	<u>\$ 2.78</u>	<u>\$ 1.58</u>	<u>\$ 7.79</u>	<u>\$ 4.69</u>
<b>AVERAGE COMMON SHARES OUTSTANDING</b>				
BASIC	815.3	833.1	820.1	837.0
DILUTED	<u>817.7</u>	<u>837.0</u>	<u>823.8</u>	<u>840.9</u>

See footnotes on following page.

- (a) **Oil and Gas** - The third quarter of 2007 includes a \$103 million pre-tax gain from the sale of exploration properties, partially offset by a \$74 million pre-tax charge for exploration impairments. The nine months of 2007 also includes an after-tax gain of \$412 million from the sale of Occidental's Russian joint venture interests, a \$112 million after-tax gain resulting from the resolution of certain legal disputes and a \$35 million pre-tax gain from the sale of oil and gas interest.
- (b) **Interest Expense, net** - The first nine months of 2007 includes \$167 million of pre-tax interest charges for the purchase of various debt issues in the open market. The net interest expense of \$10 million for the first nine months of 2008 included interest expense of \$94 million offset by \$84 million of interest income. The net interest expense of \$186 million for the first nine months of 2007 included interest expense of \$297 million offset by \$111 million of interest income.
- (c) **Unallocated Corporate Items - Other** - Includes a \$42 million pre-tax gain from the sale of Lyondell shares for the third quarter of 2007 and an additional \$284 million pre-tax gain in the first nine months of 2007. The first nine months of 2007 also includes a \$47 million pre-tax charge for a plant closure and related environmental remediation reserve.
- (d) **Discontinued Operations, net** - In the first nine months of 2008, Occidental received payment from Ecuador for tax refunds. In 2007, Occidental completed an exchange of oil and gas interests in Horn Mountain with BP p.l.c. (BP) for oil and gas interests in the Permian Basin and a gas processing plant in Texas. Occidental also sold its oil and gas interests in Pakistan to BP.

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

(\$ millions)	Third Quarter		Nine Months	
	2008	2007	2008	2007
<b>CAPITAL EXPENDITURES</b>	<b>\$ 1,239</b>	<b>\$ 880</b>	<b>\$ 3,223</b>	<b>\$ 2,510</b>
<b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b>	<b>\$ 683</b>	<b>\$ 602</b>	<b>\$ 1,957</b>	<b>\$ 1,740</b>

**SUMMARY OF OPERATING STATISTICS**

	Third Quarter		Nine Months	
	2008	2007	2008	2007
<b>NET OIL, GAS AND LIQUIDS</b>				
<b>PRODUCTION PER DAY</b>				
United States				
Crude Oil and Liquids (MBBL)				
California	87	90	86	89
Permian	166	171	168	167
Midcontinent and Rockies	8	4	6	3
Total	261	265	260	259
Natural Gas (MMCF)				
California	236	264	239	254
Permian	169	182	179	189
Midcontinent and Rockies	165	158	166	154
Total	570	604	584	597
Latin America				
Crude Oil (MBBL)				
Argentina	38	31	32	33
Colombia	43	42	43	43
Total	81	73	75	76
Natural Gas (MMCF)				
Argentina	24	22	19	24
Bolivia	21	18	21	17
Total	45	40	40	41
Middle East/North Africa				
Crude Oil and Liquids (MBBL)				
Oman	23	18	21	20
Dolphin	18	3	20	1
Qatar	49	46	47	46
Yemen	20	22	22	26
Libya	7	20	17	22
Total	117	109	127	115
Natural Gas (MMCF)				
Oman	25	34	24	31
Dolphin	165	69	176	23
Total	190	103	200	54
<b>Barrels of Oil Equivalent (MBOE)</b>				
Subtotal consolidated subsidiaries	593	572	599	566
Colombia-minority interest	(7)	(4)	(7)	(5)
Yemen-Occidental net interest	2	2	2	2
<b>Total Worldwide Production - MBOE</b>	<b>588</b>	<b>570</b>	<b>594</b>	<b>563</b>

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS**

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

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

(\$ millions, except per-share amounts)				Third Quarter
	2008	Diluted EPS	2007	Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 2,271</b>	<b>\$ 2.78</b>	<b>\$ 1,324</b>	<b>\$ 1.58</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 3,618		\$ 1,955	
Less:				
Gain on sale of oil & gas interests	—		12	
Sale of exploration properties	—		103	
Exploration impairments	—		(74)	
Segment Core Results	<u>3,618</u>		<u>1,914</u>	
<b>Chemicals</b>				
Segment Earnings	219		212	
Less:				
No significant items affecting earnings	—		—	
Segment Core Results	<u>219</u>		<u>212</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	66		86	
Less:				
No significant items affecting earnings	—		—	
Segment Core Results	<u>66</u>		<u>86</u>	
<b>Total Segment Core Results</b>	<b><u>3,903</u></b>		<b><u>2,212</u></b>	
<b>Corporate</b>				
Corporate Results — Non Segment*	(1,632)		(929)	
Less:				
Gain on sale of Lyondell shares	—		42	
Tax effect of pre-tax adjustments	—		23	
Discontinued operations, net**	(1)		8	
Corporate Core Results — Non Segment	<u>(1,631)</u>		<u>(1,002)</u>	
<b>TOTAL CORE RESULTS</b>	<b>\$ 2,272</b>	<b>\$ 2.78</b>	<b>\$ 1,210</b>	<b>\$ 1.45</b>

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

\*\*Amounts shown after tax.

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)

(\$ millions, except per-share amounts)				Nine Months
	2008	Diluted EPS	2007	Diluted EPS
<b>TOTAL REPORTED EARNINGS</b>	<b>\$ 6,414</b>	<b>\$ 7.79</b>	<b>\$ 3,948</b>	<b>\$ 4.69</b>
<b>Oil and Gas</b>				
Segment Earnings	\$ 10,312		\$ 5,496	
Less:				
Gain on sale of oil & gas interests	—		35	
Russia joint venture**	—		412	
Legal settlements**	—		112	
Sale of exploration properties	—		103	
Exploration impairments	—		(74)	
Segment Core Results	<u>10,312</u>		<u>4,908</u>	
<b>Chemicals</b>				
Segment Earnings	542		507	
Less:				
No significant items affecting earnings	—		—	
Segment Core Results	<u>542</u>		<u>507</u>	
<b>Midstream, Marketing and Other</b>				
Segment Earnings	350		229	
Less:				
No significant items affecting earnings	—		—	
Segment Core Results	<u>350</u>		<u>229</u>	
<b>Total Segment Core Results</b>	<b><u>11,204</u></b>		<b><u>5,644</u></b>	
<b>Corporate</b>				
Corporate Results — Non Segment*	(4,790)		(2,284)	
Less:				
Debt purchase expense	—		(167)	
Facility closure	—		(47)	
Gain on sale of Lyondell shares	—		326	
Tax effect of pre-tax adjustments	—		(11)	
Discontinued operations, net**	23		318	
Corporate Core Results — Non Segment	<u>(4,813)</u>		<u>(2,703)</u>	
<b>TOTAL CORE RESULTS</b>	<b>\$ 6,391</b>	<b>\$ 7.76</b>	<b>\$ 2,941</b>	<b>\$ 3.50</b>

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

\*\*Amounts shown after tax.

**Occidental Petroleum Corporation****STEPHEN CHAZEN  
President and Chief Financial Officer****– Conference Call –  
Third Quarter 2008 Earnings Announcement*****October 28, 2008***  
Los Angeles, California

Thank you Chris.

We will discuss earnings details in a few minutes; however, we wanted to start with cash flows and our balance sheet.

Cash flow from operations for the nine months of 2008 was \$8.1 billion. We used \$3.2 billion of the company's cash flow to fund capital expenditures, \$3.3 billion for acquisitions and \$680 million to pay dividends. We spent \$1.5 billion to repurchase 19.4 million common shares. These and other net cash outflows decreased our \$2.0 billion cash balance at the end of last year by \$550 million to \$1.45 billion at September 30. Debt was \$1.8 billion at the end of September, which was unchanged from December 31, 2007. Our debt to total capitalization rate is 6 percent.

Next year we have maturities totaling \$714 million, after that we have maturities of \$239 million in 2010 and \$368 million in 2012. We ended the quarter with \$1.45 billion cash on the balance sheet, we recently borrowed \$1 billion which could be used to cover debt maturities and we will pay



\$1.25 billion for the Plains transaction. We have available unused lines of committed bank credit of \$1.5 billion. A pro forma debt to total capitalization rate with the recent debt issued was 9 percent or about \$0.98 per BOE of proved reserves.

Occidental generates significant cash flows over a wide range of prices as noted in the Cash Flow Available for Capital and Other Uses slide included in the Investor Relations package. For example, in 2005 when WTI oil prices were \$57 a barrel and production from continuing operations was 466,000 BOE per day, we had free cash flow of \$2 billion after spending \$2.295 billion for capital expenditures and \$483 million for dividends. Cash flow from continuing operations is after interest and income taxes. Continuing operations excludes production from Russia, Horn Mountain, Ecuador and Pakistan. If you adjust for the 2005 dividends of \$483 million and \$131 million net interest expense and current 2008 annualized amounts of \$912 million for dividends and interest expense, we would have cash flow available for capital spending in excess of \$3.9 billion. This is after removing Horn Mountain, Ecuador, Russia and Pakistan from the 2005 numbers. The increase in production is primarily from Dolphin, Argentina, and domestic additions. These new programs on average generate more cash flow than the programs they replaced. The difference between the 1st nine months run rate of 594,000 BOE per day and 466,000 BOE per day of 2005 is about 45,000,000 BOE per year. Using the production outlook we gave you last quarter of about 650,000 BOE per day the difference is about 200,000 BOE per day or about 70 million barrels per year.

Therefore, we would have well over \$3.9 billion in cash available for capital expenditures at the 2005 \$57 per barrel WTI price.

Let me now begin discussion of the **third quarter earnings**.

Net income for the quarter was \$2.3 billion, or \$2.78 per diluted share, compared to \$1.3 billion, or \$1.58 per diluted share in the third quarter of 2007 when oil prices were \$75 per barrel.

Here's the segment breakdown for the quarter.

Oil and gas third quarter 2008 segment earnings were \$3.618 billion, compared to \$1.955 billion for the third quarter of 2007. Oil and gas core results for the third quarter of 2007 were \$1.914 billion, after excluding gains from the sale of oil and gas interests and exploration properties. The following accounted for the increase in oil and gas earnings between these quarters:

- Higher worldwide oil and gas price realizations resulted in an increase of \$1.8 billion of earnings over the comparable period in 2007. Occidental's average realized crude oil price in the 2008 third quarter was \$104.15 per barrel, an increase of 54 percent from the comparable period in 2007. Oxy's domestic average realized gas price for the quarter was \$9.35 per mcf, compared with \$5.90 per mcf for the third quarter 2007.
- Worldwide oil and gas production for the third quarter of 2008 averaged 588,000 barrels of oil equivalent per day, an increase of 3 percent, compared with 570,000 BOE production in the third quarter of last year. The bulk of the production improvement was the result of 31,000 BOE per day higher production from the Dolphin project which began production in the third quarter of 2007. Partially offsetting these increases were 5,000 BOE per day lower volumes attributable to Hurricane Ike, which resulted from pipeline curtailments due to 3rd party NGL fractionators along the Gulf Coast being shut in, and 13,000 BOE per day lower volumes from our Libya operations due to the new contract which I discussed in the second quarter conference call.

- Exploration expense was \$61 million in the quarter, below our guidance of \$90 million to \$110 million.

Oil and gas cash production costs for the first nine months of 2008 were \$14.80 a barrel compared to last year's costs of \$12.33 a barrel. Approximately 38 percent of the increase is related to increased energy costs. The increases reflected higher production taxes and ad valorem taxes, workovers and field operating costs.

Chemical segment earnings for the third quarter of 2008 were \$219 million, which was higher than our guidance of \$135 million to \$150 million. The higher earnings were attributable primarily to higher caustic soda price. Chemicals earned \$212 million in last year's third quarter.

Midstream segment earnings for the third quarter of 2008 were \$66 million, a decrease of \$20 million from the third quarter of 2007 results. The decline in earnings was due to lower crude oil marketing margins, partially offset by higher pipeline income from Dolphin, higher NGL margins in the gas processing business and improved margins on the power generation side.

The worldwide effective tax rate was 40 percent for the third quarter of 2008.

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

Net income was \$6.414 billion, or \$7.79 per diluted share for the first nine months of 2008, compared with \$3.948 billion, or \$4.69 per diluted share for the same period of 2007. The nine months 2008 reported net income was another record and was 62 percent higher than the first nine months of 2007 net income. Income for the first nine months of 2007

included \$1 billion benefit, net of tax, for the items noted on the schedule reconciling net income to core results.

Capital spending was \$1.2 billion for the quarter and \$3.2 billion for the first nine months. We expect our total capital spending for the year to be about \$4.5 to \$4.7 billion. Our preliminary estimate is that next year's capital spending will be no greater than this years.

The weighted average basic shares outstanding for the nine months were 820.1 million and the weighted average diluted shares outstanding were 823.8 million. At September 30, there were 810.1 million basic shares outstanding and the diluted share amount was approximately 813.8 million.

Oxy's 2008 annualized return on equity was 34 percent, with annualized return on capital employed of 32 percent.

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

- We expect oil and gas production to be in the range of 610,000 to 625,000 BOE per day during the fourth quarter, at approximately current oil prices. We expect fourth quarter production increases in the Middle East and North Africa, reflecting lower prices on our production sharing contracts, and higher production domestically and from Argentina.

With regard to **prices** –

- A \$40.00 per barrel decrease in WTI oil prices from the 3<sup>rd</sup> quarter would reduce oil and gas 4<sup>th</sup> quarter earnings before income taxes by about \$1.5 billion. Further changes of \$5.00 per barrel in oil prices will impact oil and gas quarterly earnings before income taxes by \$190 million.

- A \$3.00 per million BTUs decline in domestic gas prices from the 3<sup>rd</sup> quarter would decrease oil and gas quarterly earnings before income taxes by \$140 million.

Additionally –

- We expect exploration expense to be about \$150 million for seismic and drilling for our exploration programs.
- We expect chemical segment earnings for the fourth quarter to be about \$150 million. High caustic soda prices are expected to continue through the period offset by weakness in the construction and housing markets impacting domestic demand. Despite the difficult economic conditions, a seasonally weak fourth quarter and concerns over export opportunities over the balance of the year, we believe this approximate earnings amount is likely.
- We expect our combined worldwide tax rate in the fourth quarter, to be about 44 percent. We expect the rate to increase due to proportionally higher foreign source income and higher anticipated currently non-deductible foreign exploration. Our third quarter U. S. and foreign tax rates are included in the “Investor Relations Supplemental Schedule”.
- Copies of the press release announcing our third quarter earnings and the Investor Relations Supplemental Schedules are available on our website [www.oxy.com](http://www.oxy.com) or through the SEC’s EDGAR system.

Now we’re ready to take your questions.

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

<b>Reconciliation to Generally Accepted Accounting Principles (GAAP)</b>	<b>2007</b>	<b>Nine Months 2008</b>	<b>Annualized 2008</b>
GAAP measure - earnings applicable to common shareholders	5,400	6,414	
Interest expense	199	10	
Tax effect of interest expense	(70)	(4)	
Earnings before tax-effected interest expense	<u>5,529</u>	<u>6,420</u>	
 GAAP stockholders' equity	 22,823	 26,937	
<b>DEBT</b>			
GAAP debt			
Debt, including current maturities	1,788	1,771	
Non-GAAP debt			
Capital lease obligation	25	25	
Subsidiary preferred stock	-	-	
Total debt	<u>1,813</u>	<u>1,796</u>	
 Total capital employed	 24,636	 28,733	
 <b>Return on Capital Employed (%)</b>	 23.6	 24.1	 <b>32.1</b>

**Occidental Petroleum Corporation**  
**Cash Flow Available For Capital and Other Uses**  
**Reconciliation to Generally Accepted Accounting Principles (GAAP)**  
**(\$ Millions)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>9 Months 2008</u>
Occidental Petroleum Consolidated Statement of Cash Flows					
<b>Cash flow from operating activities</b>					
Operating cash flow from continuing operations	3,282	4,740	5,931	6,660	8,103
Operating cash flow from discontinued operations	596	597	422	138	33
Cash flow from operating activities	<u>3,878</u>	<u>5,337</u>	<u>6,353</u>	<u>6,798</u>	<u>8,136</u>
<b>Cash flow from investing activities</b>					
Investing cash flow from continuing operations	(2,287)	(3,033)	(4,360)	(3,117)	(6,570)
Investing cash flow from discontinued operations	(141)	(128)	(23)	(11)	-
Cash flow from investing activities	<u>(2,428)</u>	<u>(3,161)</u>	<u>(4,383)</u>	<u>(3,128)</u>	<u>(6,570)</u>
<b>Cash flow from financing activities</b>					
Change in cash	<u>(821)</u>	<u>(1,187)</u>	<u>(2,819)</u>	<u>(3,045)</u>	<u>(2,078)</u>
	<u>629</u>	<u>989</u>	<u>(849)</u>	<u>625</u>	<u>(512)</u>
<b>Cash Flow Available for Capital and Other Uses</b>					
Cash Flow From Continuing Operations	3,282	4,740	5,931	6,660	
Less:					
Dividends paid	(424)	(483)	(646)	(765)	
Adjusted Cash Flow	<u>2,858</u>	<u>4,257</u>	<u>5,285</u>	<u>5,895</u>	
Adjust dividends and interest to 2008 annualized rates					
Plus:					
Interest (net of tax) included above	155	131	85	129	
Dividends paid included above	424	483	646	765	
Less:					
2008 annualized interest (net of tax)	(8)	(8)	(8)	(8)	
2008 annualized dividends	(904)	(904)	(904)	(904)	
Cash Flow Available for Capital and Other Uses	<u>2,525</u>	<u>3,959</u>	<u>5,104</u>	<u>5,877</u>	



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

	<u>3Q 2008</u>	<u>3Q 2007</u>
Reported Net Income	\$2,271	\$1,324
EPS - Diluted	\$2.78	\$1.58
Core Results	\$2,272	\$1,210
EPS - Diluted	\$2.78	\$1.45
Total Worldwide Production (mboe/day)	588	570
Total Worldwide Crude Oil Realizations (\$/BBL)	\$104.15	\$67.81
Domestic Natural Gas Realizations (\$/MCF)	\$9.35	\$5.90
Wtd. Average Basic Shares O/S (mm)	815.3	833.1
Wtd. Average Diluted Shares O/S (mm)	817.7	837.0
	<u>YTD 2008</u>	<u>YTD 2007</u>
Reported Net Income	\$6,414	\$3,948
EPS - Diluted	\$7.79	\$4.69
Core Results	\$6,391	\$2,941
EPS - Diluted	\$7.76	\$3.50
Total Worldwide Production (mboe/day)	594	563
Total Worldwide Crude Oil Realizations (\$/BBL)	\$100.39	\$59.47
Domestic Natural Gas Realizations (\$/MCF)	\$9.18	\$6.45
Wtd. Average Basic Shares O/S (mm)	820.1	837.0
Wtd. Average Diluted Shares O/S (mm)	823.8	840.9
Shares Outstanding (mm)	809.9	828.6
Cash Flow from Operations	\$8,100	\$4,300





**OCCIDENTAL PETROLEUM**  
**2008 Third Quarter**  
**Net Income (Loss)**  
**(\$ millions)**

	<b>Reported Income</b>	<b>Significant Items Affecting Income</b>	<b>Core Results</b>
Oil & Gas	\$ 3,618		\$ 3,618
Chemical	219		219
Midstream, marketing and other	66		66
Corporate			
Interest expense, net	(3)		(3)
Other	(82)		(82)
Taxes	(1,546)		(1,546)
<b>Income from continuing operations</b>	<u>2,272</u>	<u>—</u>	<u>2,272</u>
Discontinued operations, net of tax	(1)	1	—
<b>Net Income</b>	<u><u>\$ 2,271</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 2,272</u></u>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 2.79		
Discontinued operations, net	—		
<b>Net Income</b>	<u><u>\$ 2.79</u></u>		<u><u>\$ 2.79</u></u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 2.78		
Discontinued operations, net	—		
<b>Net Income</b>	<u><u>\$ 2.78</u></u>		<u><u>\$ 2.78</u></u>



**OCCIDENTAL PETROLEUM**  
**2007 Third Quarter**  
**Net Income (Loss)**  
**(\$ millions)**

	<b>Reported Income</b>	<b>Significant Items Affecting Income</b>	<b>Core Results</b>
Oil & Gas	\$ 1,955	\$ (12) Sale of oil & gas interests 74 Exploration impairments (103) Sale of exploration properties	\$ 1,914
Chemical	212		212
Midstream, marketing and other	86		86
Corporate			
Interest expense, net	(11)		(11)
Other	(64)	(42) Sale of Lyondell shares	(106)
Taxes	(862)	(23) Tax effect of adjustments	(885)
<b>Income from continuing operations</b>	<b>1,316</b>	<b>(106)</b>	<b>1,210</b>
Discontinued operations, net of tax	8	(8) Discontinued operations, net	—
<b>Net Income</b>	<b>\$ 1,324</b>	<b>\$ (114)</b>	<b>\$ 1,210</b>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 1.58		
Discontinued operations, net of tax	0.01		
Net Income	<u>\$ 1.59</u>		<u>\$ 1.45</u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 1.57		
Discontinued operations, net of tax	0.01		
Net Income	<u>\$ 1.58</u>		<u>\$ 1.45</u>



**OCCIDENTAL PETROLEUM**  
**2008 First Nine Months**  
**Net Income (Loss)**  
**(\$ millions)**

	<b>Reported Income</b>	<b>Significant Items Affecting Income</b>	<b>Core Results</b>
Oil & Gas	\$ 10,312		\$ 10,312
Chemical	542		542
Midstream, marketing and other	350		350
Corporate			
Interest expense, net	(10)		(10)
Other	(292)		(292)
Taxes	(4,511)		(4,511)
<b>Income from continuing operations</b>	<b>6,391</b>	<b>—</b>	<b>6,391</b>
Discontinued operations, net of tax	23	(23) Discontinued operations, net	—
<b>Net Income</b>	<b>\$ 6,414</b>	<b>\$ (23)</b>	<b>\$ 6,391</b>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 7.79		
Discontinued operations, net	0.03		
<b>Net Income</b>	<b>\$ 7.82</b>		<b>\$ 7.79</b>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 7.76		
Discontinued operations, net	0.03		
<b>Net Income</b>	<b>\$ 7.79</b>		<b>\$ 7.76</b>



**OCCIDENTAL PETROLEUM**  
**2007 First Nine Months**  
**Net Income (Loss)**  
**(\$ millions)**

	<b>Reported Income</b>	<b>Significant Items Affecting Income</b>	<b>Core Results</b>
Oil & Gas	\$ 5,496	\$ (412) Sale of Russian operations (112) Legal settlements (35) Sale of oil & gas interests 74 Exploration impairments (103) Sale of exploration properties	\$ 4,908
Chemical	507		507
Midstream, marketing and other	229		229
Corporate			
Interest expense, net	(186)	167 Debt purchases	(19)
Other	34	(326) Sale of Lyondell shares 47 Facility closure	(245)
Taxes	(2,450)	11 Tax effect of adjustments	(2,439)
<b>Income from continuing operations</b>	<b>3,630</b>	<b>(689)</b>	<b>2,941</b>
Discontinued operations, net of tax	318	(318) Discontinued operations, net	—
<b>Net Income</b>	<b>\$ 3,948</b>	<b>\$ (1,007)</b>	<b>\$ 2,941</b>
<b>Basic Earnings Per Common Share</b>			
Income from continuing operations	\$ 4.34		
Discontinued operations, net of tax	0.38		
Net Income	<u>\$ 4.72</u>		<u>\$ 3.51</u>
<b>Diluted Earnings Per Common Share</b>			
Income from continuing operations	\$ 4.31		
Discontinued operations, net of tax	0.38		
Net Income	<u>\$ 4.69</u>		<u>\$ 3.50</u>



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

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

<b>Pre-tax Income / (Expense)</b>	<b>Third Quarter</b>		<b>Nine Months</b>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Corporate</b>				
Environmental remediation	2	(10)	(28)	(24)



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

	QUARTERLY			YEAR TO-DATE	
	2008 QTR 3	2008 QTR 2	2007 QTR 3	2008 9 Months	2007 9 Months
<b>REPORTED INCOME</b>					
Oil & Gas (a)	3,618	3,806	1,955	10,312	5,496
Chemicals	219	144	212	542	507
Midstream, marketing and other	66	161	86	350	229
Corporate & other	(85)	(140)	(75)	(302)	(152)
Pre-tax income	<u>3,818</u>	<u>3,971</u>	<u>2,178</u>	<u>10,902</u>	<u>6,080</u>
Income tax expense					
Federal and state	716	801	363	2,123	1,085
Foreign (a)	830	870	499	2,388	1,365
Total	<u>1,546</u>	<u>1,671</u>	<u>862</u>	<u>4,511</u>	<u>2,450</u>
Income from continuing operations	<u><u>2,272</u></u>	<u><u>2,300</u></u>	<u><u>1,316</u></u>	<u><u>6,391</u></u>	<u><u>3,630</u></u>
<b>Worldwide effective tax rate</b>	<b>40%</b>	<b>42%</b>	<b>40%</b>	<b>41%</b>	<b>40%</b>
<b>CORE RESULTS</b>					
Oil & Gas (a)	3,618	3,806	1,914	10,312	4,908
Chemicals	219	144	212	542	507
Midstream, marketing and other	66	161	86	350	229
Corporate & other	(85)	(140)	(117)	(302)	(264)
Pre-tax income	<u>3,818</u>	<u>3,971</u>	<u>2,095</u>	<u>10,902</u>	<u>5,380</u>
Income tax expense					
Federal and state	716	801	386	2,123	1,074
Foreign (a)	830	870	499	2,388	1,365
Total	<u>1,546</u>	<u>1,671</u>	<u>885</u>	<u>4,511</u>	<u>2,439</u>
Core results	<u><u>2,272</u></u>	<u><u>2,300</u></u>	<u><u>1,210</u></u>	<u><u>6,391</u></u>	<u><u>2,941</u></u>
<b>Worldwide effective tax rate</b>	<b>40%</b>	<b>42%</b>	<b>42%</b>	<b>41%</b>	<b>45%</b>

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

2008 QTR 3	2008 QTR 2	2007 QTR 3	2008 9 Months	2007 9 Months
730	582	331	1,801	919



**OCCIDENTAL PETROLEUM**  
**2008 Third Quarter Net Income (Loss)**  
**Reported Income Comparison**

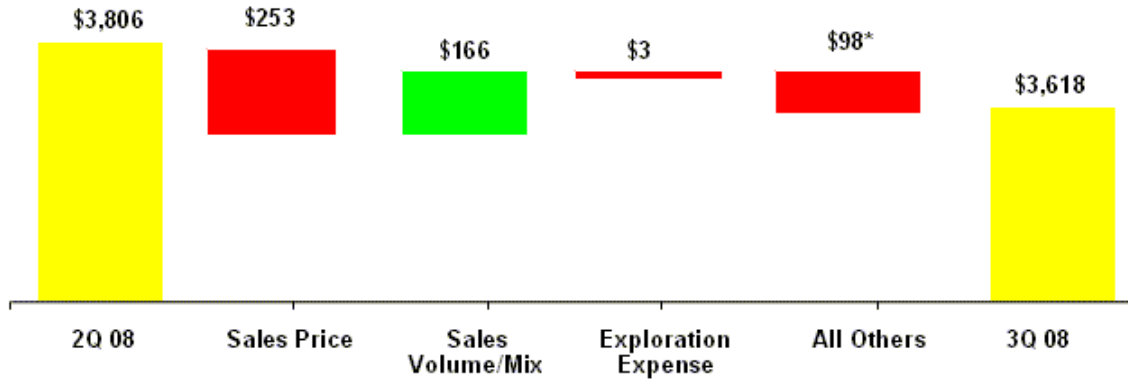
	Third Quarter 2008	Second Quarter 2008	B / (W)
Oil & Gas	\$ 3,618	\$ 3,806	\$ (188)
Chemical	219	144	75
Midstream, marketing and other	66	161	(95)
Corporate			
Interest expense, net	(3)	(7)	4
Other	(82)	(133)	51
Taxes	(1,546)	(1,671)	125
Income from continuing operations	2,272	2,300	(28)
Discontinued operations, net	(1)	(3)	2
Net Income	<u>\$ 2,271</u>	<u>\$ 2,297</u>	<u>\$ (26)</u>
Earnings Per Common Share			
Basic	\$ 2.79	\$ 2.80	\$ (0.01)
Diluted	\$ 2.78	\$ 2.78	\$ —
Worldwide Effective Tax Rate	<u>40%</u>	<u>42%</u>	<u>2%</u>

**OCCIDENTAL PETROLEUM**  
**2008 Third Quarter Net Income (Loss)**  
**Core Results Comparison**

	Third Quarter 2008	Second Quarter 2008	B / (W)
Oil & Gas	\$ 3,618	\$ 3,806	\$ (188)
Chemical	219	144	75
Midstream, marketing and other	66	161	(95)
Corporate			
Interest expense, net	(3)	(7)	4
Other	(82)	(133)	51
Taxes	(1,546)	(1,671)	125
Core Results	<u>\$ 2,272</u>	<u>\$ 2,300</u>	<u>\$ (28)</u>
Core Results Per Common Share			
Basic	\$ 2.79	\$ 2.80	\$ (0.01)
Diluted	\$ 2.78	\$ 2.79	\$ (0.01)
Worldwide Effective Tax Rate	<u>40%</u>	<u>42%</u>	<u>2%</u>

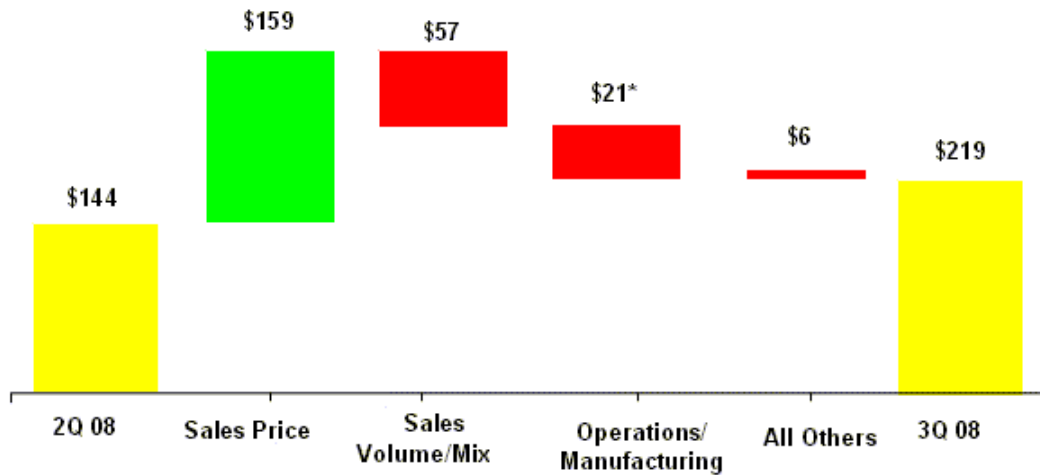


**OCCIDENTAL PETROLEUM**  
**Oil & Gas**  
 Variance Analysis 3Q08 vs. 2Q08  
 (\$ Millions)



\*DD&A rate increase and higher operating expenses

**OCCIDENTAL PETROLEUM**  
**Chemical**  
 Variance Analysis 3Q08 vs. 2Q08  
 (\$ Millions)



\*Higher feedstock costs





**OCCIDENTAL PETROLEUM**  
**2008 Third Quarter Net Income (Loss)**  
**Reported Income Comparison**

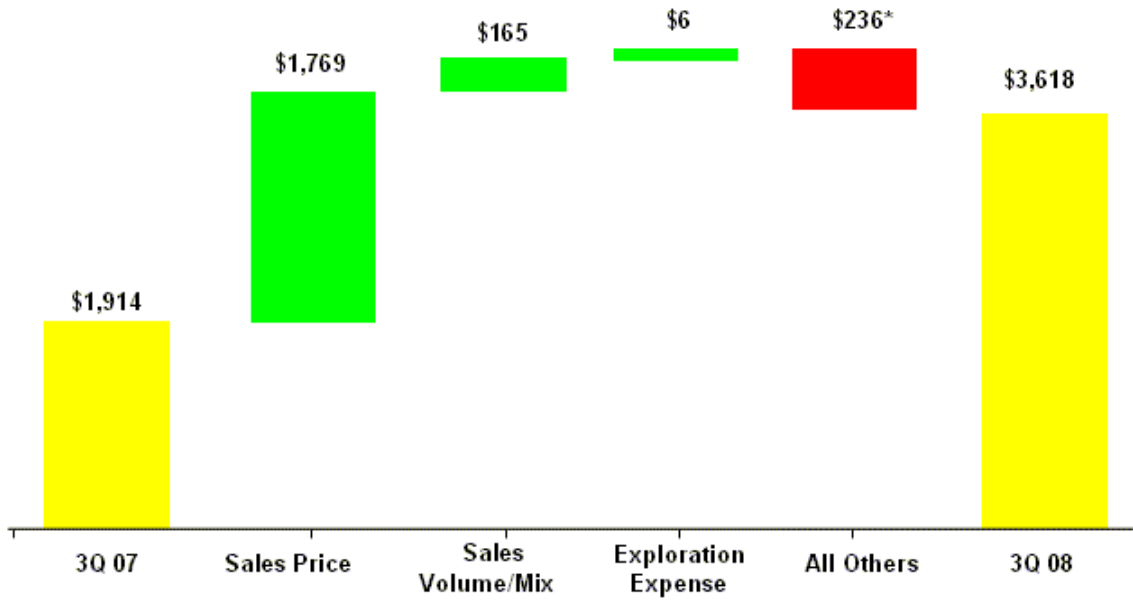
	Third Quarter 2008	Third Quarter 2007	B / (W)
Oil & Gas	\$ 3,618	\$ 1,955	\$ 1,663
Chemical	219	212	7
Midstream, marketing and other	66	86	(20)
Corporate			
Interest expense, net	(3)	(11)	8
Other	(82)	(64)	(18)
Taxes	(1,546)	(862)	(684)
Income from continuing operations	2,272	1,316	956
Discontinued operations, net	(1)	8	(9)
Net Income	<u>\$ 2,271</u>	<u>\$ 1,324</u>	<u>\$ 947</u>
Earnings Per Common Share			
Basic	\$ 2.79	\$ 1.59	\$ 1.20
Diluted	\$ 2.78	\$ 1.58	\$ 1.20
Worldwide Effective Tax Rate	<u>40%</u>	<u>40%</u>	<u>0%</u>

**OCCIDENTAL PETROLEUM**  
**2008 Third Quarter Net Income (Loss)**  
**Core Results Comparison**

	Third Quarter 2008	Third Quarter 2007	B / (W)
Oil & Gas	\$ 3,618	\$ 1,914	\$ 1,704
Chemical	219	212	7
Midstream, marketing and other	66	86	(20)
Corporate			
Interest expense, net	(3)	(11)	8
Other	(82)	(106)	24
Taxes	(1,546)	(885)	(661)
Core Results	<u>\$ 2,272</u>	<u>\$ 1,210</u>	<u>\$ 1,062</u>
Core Results Per Common Share			
Basic	\$ 2.79	\$ 1.45	\$ 1.34
Diluted	\$ 2.78	\$ 1.45	\$ 1.33
Worldwide Effective Tax Rate	<u>40%</u>	<u>42%</u>	<u>2%</u>

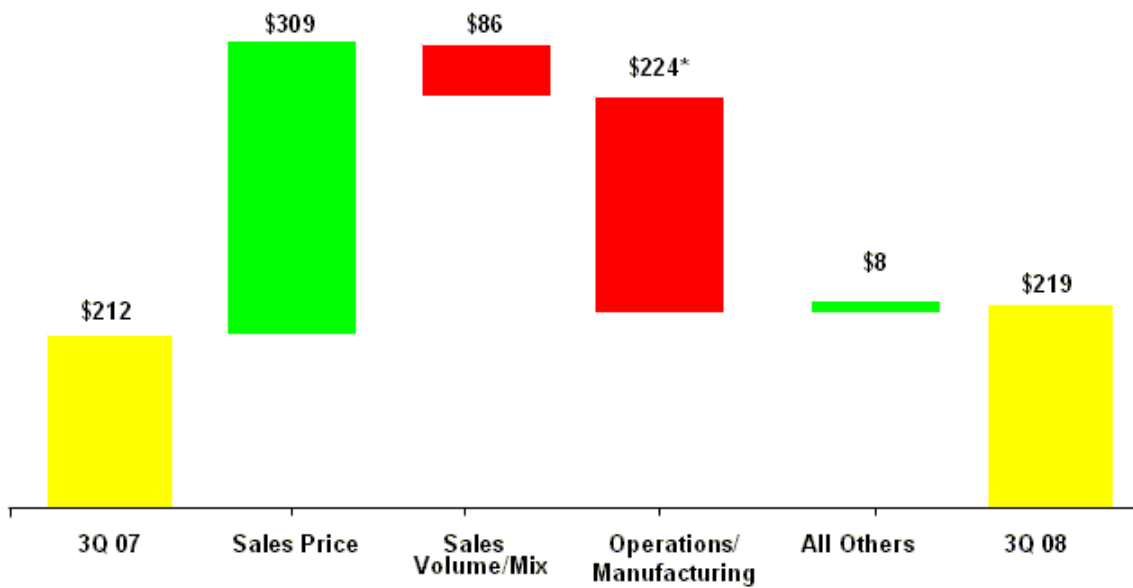


**OCCIDENTAL PETROLEUM**  
**Oil & Gas**  
 Variance Analysis 3Q08 vs. 3Q07  
 (\$ Millions)



\* DD&A rate increase and higher operating expenses

**OCCIDENTAL PETROLEUM**  
**Chemical**  
 Variance Analysis 3Q08 vs. 3Q07  
 (\$ Millions)



\* Higher energy and feedstock costs



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

	<b>Third Quarter</b>		<b>Nine Months</b>		
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	
<b>NET PRODUCTION PER DAY:</b>					
<b>United States</b>					
<b>Crude Oil and Liquids (MBL)</b>					
	California	87	90	86	89
	Permian	166	171	168	167
	Midcontinent and Rockies	8	4	6	3
	<b>Total</b>	<b>261</b>	<b>265</b>	<b>260</b>	<b>259</b>
<b>Natural Gas (MMCF)</b>					
	California	236	264	239	254
	Permian	169	182	179	189
	Midcontinent and Rockies	165	158	166	154
	<b>Total</b>	<b>570</b>	<b>604</b>	<b>584</b>	<b>597</b>
<b>Latin America</b>					
<b>Crude Oil (MBL)</b>					
	Argentina	38	31	32	33
	Colombia	43	42	43	43
	<b>Total</b>	<b>81</b>	<b>73</b>	<b>75</b>	<b>76</b>
<b>Natural Gas (MMCF)</b>					
	Argentina	24	22	19	24
	Bolivia	21	18	21	17
	<b>Total</b>	<b>45</b>	<b>40</b>	<b>40</b>	<b>41</b>
<b>Middle East / North Africa</b>					
<b>Crude Oil and Liquids (MBL)</b>					
	Oman	23	18	21	20
	Dolphin	18	3	20	1
	Qatar	49	46	47	46
	Yemen	20	22	22	26
	Libya	7	20	17	22
	<b>Total</b>	<b>117</b>	<b>109</b>	<b>127</b>	<b>115</b>
<b>Natural Gas (MMCF)</b>					
	Oman	25	34	24	31
	Dolphin	165	69	176	23
	<b>Total</b>	<b>190</b>	<b>103</b>	<b>200</b>	<b>54</b>
<b>Barrels of Oil Equivalent (MBOE)</b>					
<hr/>					
	<b>Subtotal consolidated subsidiaries</b>	<b>593</b>	<b>572</b>	<b>599</b>	<b>566</b>
<b>Other interests</b>					
	Colombia - minority interest	(7)	(4)	(7)	(5)
	Yemen - Occidental net interest	2	2	2	2
	<b>Total worldwide production - MBOE</b>	<b>588</b>	<b>570</b>	<b>594</b>	<b>563</b>



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

	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>OIL &amp; GAS:</b>				
<b>PRICES</b>				
<b>United States</b>				
Crude Oil (\$/BBL)	109.50	68.83	104.82	59.71
Natural gas (\$/MCF)	9.35	5.90	9.18	6.45
<b>Latin America</b>				
Crude Oil (\$/BBL)	77.76	60.77	78.23	53.00
Natural Gas (\$/MCF)	4.40	2.68	4.22	2.31
<b>Middle East / North Africa</b>				
Crude Oil (\$/BBL)	114.11	71.30	106.81	63.93
<b>Total Worldwide</b>				
Crude Oil (\$/BBL)	104.15	67.81	100.39	59.47
Natural Gas (\$/MCF)	7.11	5.05	6.95	5.78
	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Exploration Expense</b>				
Domestic	\$ 10	\$ 73	\$ 42	\$ 100
Latin America	9	5	35	36
Middle East / North Africa	41	48	117	162
Other Eastern Hemisphere	1	—	(1)	23
<b>TOTAL REPORTED</b>	<b>\$ 61</b>	<b>\$ 126</b>	<b>\$ 193</b>	<b>\$ 321</b>
Less - non-core impairments	—	(58)	—	(58)
<b>TOTAL CORE</b>	<b>\$ 61</b>	<b>\$ 68</b>	<b>\$ 193</b>	<b>\$ 263</b>



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

	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Capital Expenditures (\$MM)</b>				
Oil & Gas				
California	\$ 231	\$ 157	\$ 596	\$ 432
Permian	131	85	331	338
Midcontinent and Rockies	109	43	243	143
Latin America	236	136	626	359
Middle East / North Africa	280	315	808	924
Other Eastern Hemisphere	—	—	—	7
Chemicals	57	66	202	141
Midstream, marketing and other	183	78	342	160
Corporate	12	—	75	6
<b>TOTAL</b>	<b>\$ 1,239</b>	<b>\$ 880</b>	<b>\$ 3,223</b>	<b>\$ 2,510</b>
<b>Depreciation, Depletion &amp; Amortization of Assets (\$MM)</b>				
Oil & Gas				
Domestic	\$ 257	\$ 278	\$ 760	\$ 764
Latin America	125	84	313	262
Middle East / North Africa	202	142	579	427
Chemicals	75	76	239	226
Midstream, marketing and other	19	18	52	49
Corporate	5	4	14	12
<b>TOTAL</b>	<b>\$ 683</b>	<b>\$ 602</b>	<b>\$ 1,957</b>	<b>\$ 1,740</b>



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

	<b>30-Sep-08</b>	<b>31-Dec-07</b>
<b>CAPITALIZATION</b>		
Long-Term Debt (including current maturities)	\$ 1,771	\$ 1,776
Notes Payable	—	12
Others	25	25
<b>Total Debt</b>	<b>\$ 1,796</b>	<b>\$ 1,813</b>
<b>EQUITY</b>		
	<b>\$ 26,937</b>	<b>\$ 22,823</b>
Total Debt To Total Capitalization	<b>6%</b>	<b>7%</b>



**Cash Flow Available For Capital and Other Uses**  
(Millions, unless noted otherwise)

	9 Months Sept. 30 <u>2008</u>	<u>12 Months</u>			
		<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash Flow From Continuing Operations	\$ 8,103	\$ 6,660	\$ 5,931	\$ 4,740	\$ 3,282
Dividends as paid	(677)	(765)	(646)	(483)	(424)
Adjusted Cash Flow From Continuing Operations	<u>7,426</u>	<u>5,895</u>	<u>5,285</u>	<u>4,257</u>	<u>2,858</u>
Adjust dividends and interest to 2008 annualized rates	—	(18)	(181)	(298)	(333)
Additional Cash Flow Available for Capital and Other Uses	<u>\$ 7,426</u>	<u>\$ 5,877</u>	<u>\$ 5,104</u>	<u>\$ 3,959</u>	<u>\$ 2,525</u>
Actual Capital Spending	\$ 3,223	\$ 3,497	\$ 2,987	\$ 2,295	\$ 1,703
WTI Oil Price (\$ / BBL)	\$ 113	\$ 72	\$ 66	\$ 57	\$ 41
Production from continuing operations (MBOE/D)	594	570	545	466	451
Interest Expense (net of tax)	\$ 6	\$ 129	\$ 85	\$ 131	\$ 155



# Third Quarter 2008 Earnings Conference Call

October 28, 2008

# Oxy

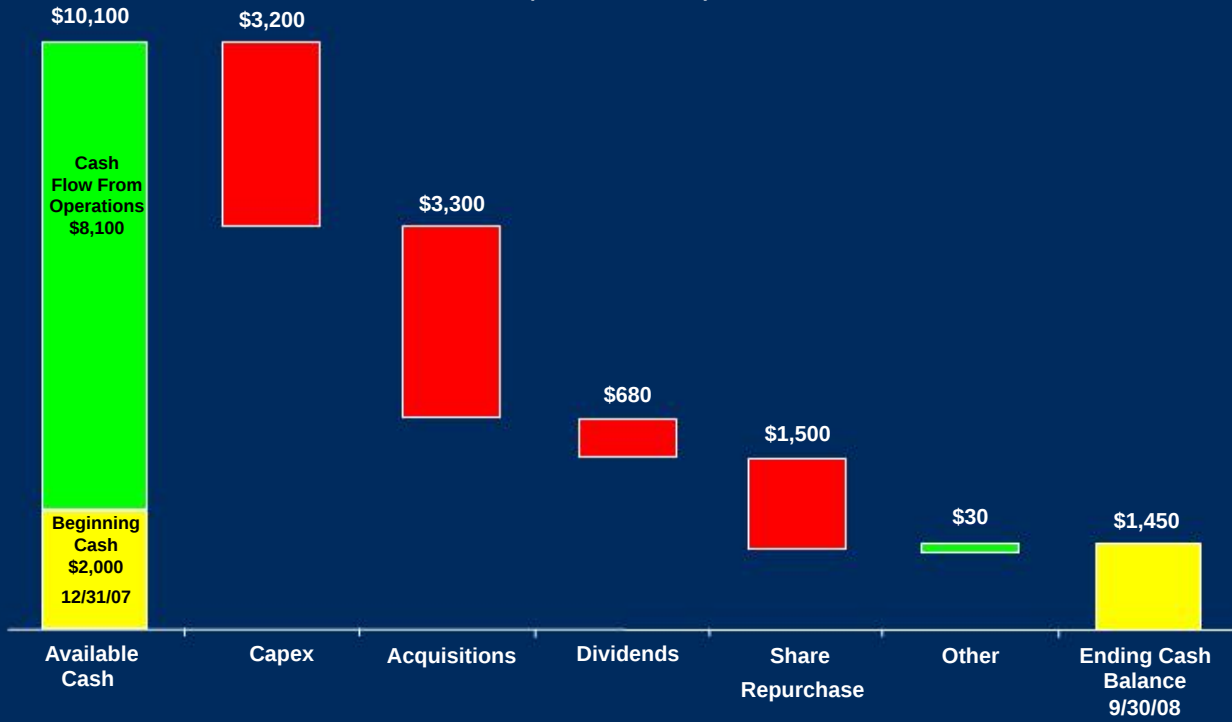




# Third Quarter 2008 Earnings – Cash Flow YTD 2008



(\$ in millions)



# Third Quarter 2008 Earnings – Cash Flow



## Cash Flow Available For Capital and Other Uses (Millions, unless noted otherwise)

	9 Months	12 Months			
	Sept. 30 2008	2007	2006	2005	2004
Cash Flow From Continuing Operations	\$ 8,103	\$ 6,660	\$ 5,931	\$ 4,740	\$ 3,282
Dividends as paid	(677)	(765)	(646)	(483)	(424)
Adjusted Cash Flow From Continuing Operations	7,426	5,895	5,285	4,257	2,858
Adjust dividends and interest to 2008 annualized rates	-	(18)	(181)	(298)	(333)
Additional Cash Flow Available for Capital and Other Uses*	<u>\$ 7,426</u>	<u>\$ 5,877</u>	<u>\$ 5,104</u>	<u>\$ 3,959</u>	<u>\$ 2,525</u>
Actual Capital Spending	\$ 3,223	\$ 3,497	\$ 2,987	\$ 2,295	\$ 1,703
WTI Oil Price (\$ / BBL)	\$ 113	\$ 72	\$ 86	\$ 57	\$ 41
Production from continuing operations (MBOE/D)	594	570	545	486	451
Interest Expense (net of tax)	\$ 6	\$ 129	\$ 86	\$ 131	\$ 155

\*See attached for GAAP reconciliation.



- Total Company Debt
  - \$1.8 billion at September 30, 2008, and unchanged from December 31, 2007;
  - Debt to total capitalization rate is 6%;
- Upcoming debt maturities
  - \$714 million due in 2009;
  - \$239 million due in 2010;
  - \$368 million due in 2012.
- Cash and liquidity
  - \$1.45 billion of cash on hand at September 30, 2008;
  - Recent \$1 billion five-year notes offering could be used to cover debt maturities and we will pay \$1.25 billion for the recent PXP transaction;
  - Available unused lines of committed bank credit of \$1.5 billion;
  - Pro forma debt to total capitalization (for recent debt issue) is 9%, or \$0.98 per BOE of proved reserves.

## Third Quarter 2008 Earnings – Highlights

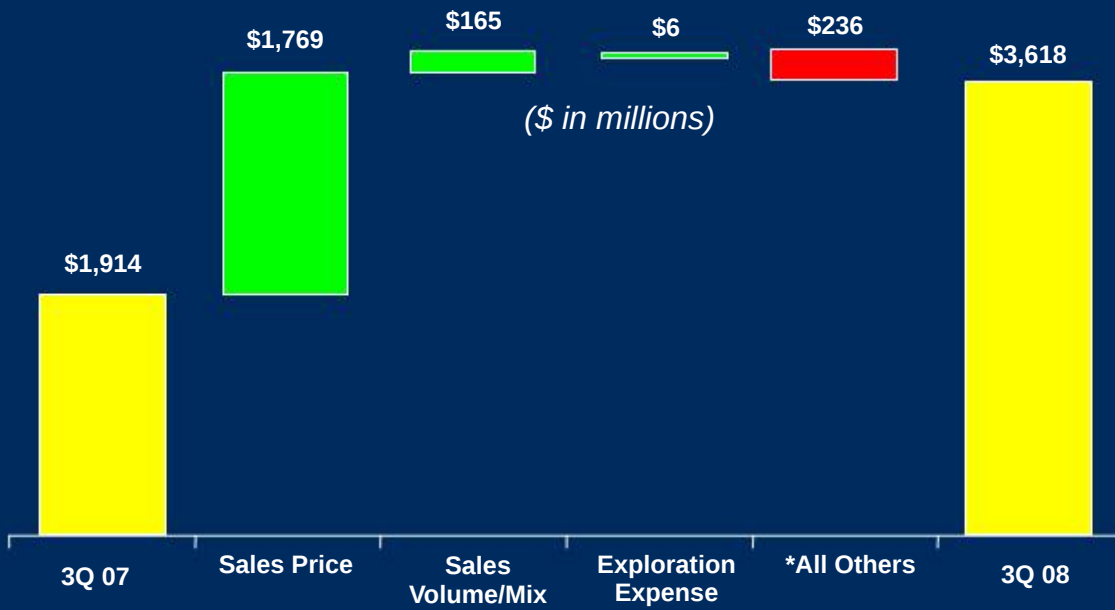


- Net Income - \$2.3 B vs. \$1.3 B in 3Q-07
  - EPS \$2.78 (diluted) vs. \$1.58 in 3Q-07
    - +76% year-over-year
  
- **Core Results - \$2.3 B** vs. \$1.2 B in 3Q-07
  - **Core EPS \$2.78 (diluted)** vs. \$1.45 in 3Q-07 (with WTI at \$75)
    - +92% year-over-year

# Third Quarter 2008 Earnings - Oil & Gas Segment Variance Analysis - 3Q08 vs. 3Q07



- Core Results for 3Q08 of \$3.618 Billion vs. \$1.914 Billion in 3Q07
  - +89% year-over-year



\*All Others include: DD&A rate increase and higher operating expenses.

## Third Quarter 2008 Earnings – Oil & Gas Segment



	<u>3Q08</u>	<u>3Q07</u>
Reported Segment Earnings (\$ mm)	\$3,618	\$1,955
Oxy's Realized Prices		
Worldwide Oil (\$/bbl)	\$104.15	\$67.81
US Natural Gas (\$/mcf)	\$9.35	\$5.90
WTI Oil Price (\$/bbl)	\$117.98	\$75.38
NYMEX Gas Price (\$/mcf)	\$10.72	\$6.69

## Third Quarter 2008 Earnings – Oil & Gas Segment



	<u>3Q08</u>	<u>3Q07</u>
Oil and Gas Production (mboe/d)	588	570
• +3.2% year-over-year		
• Improvement largely due to:		
– the Dolphin Project (+31 mboe/d);		
• Partially offset by:		
– Lower volumes attributable to Hurricane Ike (-5 mboe/d), and;		
– Lower volumes from Libya operations due to the new contract (-13 mboe/d).		

Exploration expense was \$61 mm in 3Q08, below our guidance of \$90 to \$110 million.

Oil and Gas production costs were \$14.80 per boe through nine months of 2008 vs. \$12.33 per boe for full-year 2007.

- Approximately 38% of the increase is related to increased energy costs reflecting higher production taxes and ad valorem taxes. Higher costs were also a function of increased workovers and field operating costs.

# Third Quarter 2008 Earnings – Chemical Segment Variance Analysis – 3Q08 vs. 3Q07



- Core Results for 3Q08 of \$219 Million vs. \$212 Million in 3Q07
  - Results higher primarily due to higher caustic soda prices and, better than our guidance of \$135 to \$150 million.

(\$ in millions)



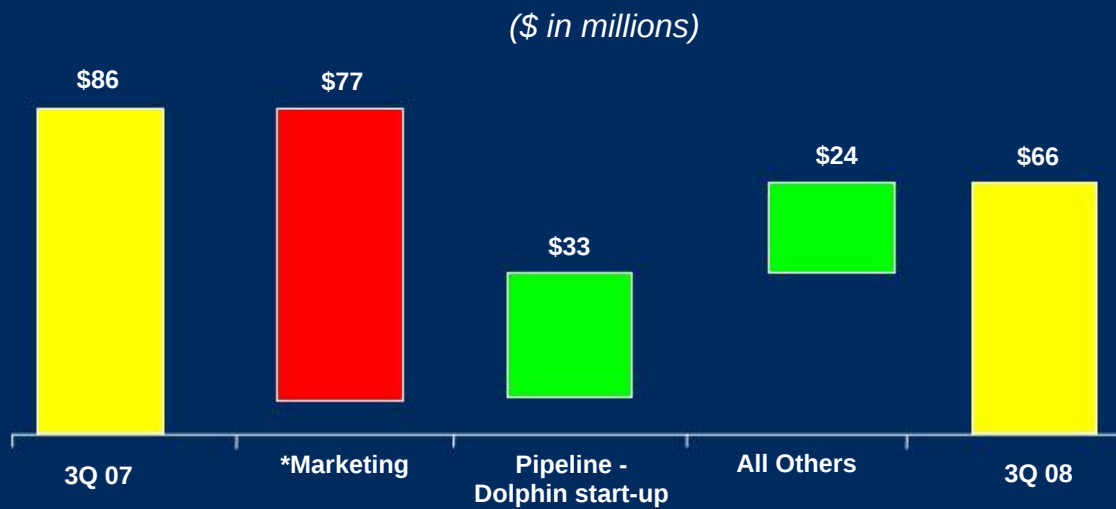
\*Higher energy and feedstock costs



# Third Quarter 2008 Earnings - Midstream Segment Variance Analysis - 3Q08 vs. 3Q07



- Core Results for 3Q08 of \$66 Million vs. \$86 Million in 3Q07
  - Earnings decline due to lower crude oil marketing margins, partially offset by higher Dolphin pipeline income, higher NGL margins, and improved margins for power generation.



\*Includes negative mark to market adjustments in crude oil marketing.

## Third Quarter 2008 Earnings – Nine Months Results



	<u>YTD2008</u>	<u>YTD2007</u>
• Net Income (\$ mm)	\$6,414	\$3,948
– Record income, +62% year-over-year.		
– Nine months net income for 2007 included \$1 billion benefit, net of tax for the items noted on the schedule reconciling net income to core results.		
• EPS (diluted)	\$7.79	\$4.69
• Oil and Gas Production (mboe/day)	594	563
– +5.5% year-over-year		
• Capital spending was \$1.2 billion in 3Q08 and \$3.2 billion YTD 2008.		
– We expect total 2008 capital spending to be approximately \$4.5 to \$4.7 billion.		
– Our preliminary estimate is that 2009 capital spending will be no greater than this year's.		

## Third Quarter 2008 Earnings – Shares Outstanding and Financial Returns



- Spent \$1.5 billion this year to repurchase 19.4 million shares through 9/30/08.

Shares Outstanding (mm)	<u>YTD08</u>	<u>9/30/08</u>
Weighted Average Basic	820.1	
Weighted Average Diluted	823.8	
Basic Shares Outstanding		810.1
Diluted Shares Outstanding		813.8

- Annualized ROE of 34%, and ROCE\* of 32%.

\*See attached for GAAP reconciliation.



- We expect oil and gas production to be in the range of 610 to 625 mboe/d in 4Q08, at approximately current oil prices.
- Production increases are expected from:
  - Middle East and North Africa, reflecting lower prices on our PSCs;
  - Our domestic operations, and;
  - Argentina
- Commodity Price Sensitivity – Earnings
  - A \$40 per barrel decrease in oil prices from 3Q08 would reduce 4Q08 pre-tax Oil and Gas earnings by about \$1.5 billion.
    - Further changes of \$5 per barrel in oil prices will impact Oil and Gas quarterly pre-tax earnings by about \$190 million.
  - A \$3.00 per mm BTUs decline in domestic gas prices from 3Q08 would decrease Oil and Gas quarterly pre-tax earnings by \$140 million.
- We expect 4Q08 exploration expense to be about \$150 million.



- We expect 4Q08 Chemical earnings to be about \$150 million.
  - High caustic soda prices are expected to continue through the period;
  - Partially offset by weakness in the construction and housing markets impacting domestic demand;
  - Despite difficult economic conditions, a seasonally weak fourth quarter and concerns over export opportunities over the balance of the year, we believe this approximate earnings amount is likely.
- We expect our combined worldwide tax rate to be about 44% in 4Q08.
  - The expected sequential increase in the rate is due to proportionally higher foreign source income and higher anticipated currently non-deductible foreign exploration.



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

<b>Reconciliation to Generally Accepted Accounting Principles (GAAP)</b>	<b>2007</b>	<b>Nine Months 2008</b>	<b>Annualized 2008</b>
GAAP measure - earnings applicable to common shareholders	5,400	6,414	
Interest expense	199	10	
Tax effect of interest expense	(70)	(4)	
Earnings before tax-effected interest expense	<u>5,529</u>	<u>6,420</u>	
 GAAP stockholders' equity	 22,823	 26,937	
<b>DEBT</b>			
GAAP debt			
Debt, including current maturities	1,788	1,771	
Non-GAAP debt			
Capital lease obligation	25	25	
Subsidiary preferred stock	-	-	
Total debt	<u>1,813</u>	<u>1,796</u>	
 Total capital employed	 24,636	 28,733	
 <b>Return on Capital Employed (%)</b>	 23.6	 24.1	 <b>32.1</b>

**Occidental Petroleum Corporation**  
**Cash Flow Available For Capital and Other Uses**  
**Reconciliation to Generally Accepted Accounting Principles (GAAP)**  
**(\$ Millions)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>9 Months 2008</u>
Occidental Petroleum Consolidated Statement of Cash Flows					
<b>Cash flow from operating activities</b>					
Operating cash flow from continuing operations	3,282	4,740	5,931	6,660	8,103
Operating cash flow from discontinued operations	596	597	422	138	33
Cash flow from operating activities	<u>3,878</u>	<u>5,337</u>	<u>6,353</u>	<u>6,798</u>	<u>8,136</u>
<b>Cash flow from investing activities</b>					
Investing cash flow from continuing operations	(2,287)	(3,033)	(4,360)	(3,117)	(6,570)
Investing cash flow from discontinued operations	(141)	(128)	(23)	(11)	-
Cash flow from investing activities	<u>(2,428)</u>	<u>(3,161)</u>	<u>(4,383)</u>	<u>(3,128)</u>	<u>(6,570)</u>
<b>Cash flow from financing activities</b>					
Change in cash	<u>(821)</u>	<u>(1,187)</u>	<u>(2,819)</u>	<u>(3,045)</u>	<u>(2,078)</u>
	<u>629</u>	<u>989</u>	<u>(849)</u>	<u>625</u>	<u>(512)</u>
<b>Cash Flow Available for Capital and Other Uses</b>					
Cash Flow From Continuing Operations	3,282	4,740	5,931	6,660	
Less:					
Dividends paid	(424)	(483)	(646)	(765)	
Adjusted Cash Flow	<u>2,858</u>	<u>4,257</u>	<u>5,285</u>	<u>5,895</u>	
Adjust dividends and interest to 2008 annualized rates					
Plus:					
Interest (net of tax) included above	155	131	85	129	
Dividends paid included above	424	483	646	765	
Less:					
2008 annualized interest (net of tax)	(8)	(8)	(8)	(8)	
2008 annualized dividends	(904)	(904)	(904)	(904)	
Cash Flow Available for Capital and Other Uses	<u>2,525</u>	<u>3,959</u>	<u>5,104</u>	<u>5,877</u>	



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