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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) January 28, 2010**

**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 January 28, 2010, Occidental Petroleum Corporation released information regarding its results of operations for the three and twelve months ended December 31, 2009. 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 speeches given by Dr. Ray R. Irani and Stephen I. Chazen are 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. Forward-Looking Statements Disclosure for Earnings Release Presentation Materials is attached to this report as Exhibit 99.5.

## Section 8 – Other Events

### Item 8.01. Other Events

On January 28, 2010, Occidental Petroleum Corporation announced net income of \$938 million (\$1.15 per diluted share) for the fourth quarter of 2009, compared with \$443 million (\$0.55 per diluted share) for the fourth quarter of 2008. Core results for the fourth quarter of 2009 were \$1.1 billion (\$1.30 per diluted share), compared with \$957 million (\$1.18 per diluted share) for the fourth quarter of 2008. Core results excluded after-tax charges of \$120 million (\$0.15 per diluted share) for 2009 and \$514 million (\$0.63 per diluted share) for 2008.

Net income for the twelve months of 2009 was \$2.9 billion (\$3.58 per diluted share), compared with \$6.9 billion (\$8.34 per diluted share) for the twelve months of 2008. Full year core results were \$3.1 billion (\$3.78 per diluted share) for 2009, compared with \$7.3 billion (\$8.94 per diluted share) for 2008.

### QUARTERLY RESULTS

#### Oil and Gas

Oil and gas segment earnings were \$1.6 billion for the fourth quarter of 2009, compared with \$339 million for the same period in 2008. The fourth quarter of 2009 core results were \$1.8 billion, excluding a pre-tax loss of \$170 million related to impairment of assets. The 2008 core results were \$1 billion, excluding pre-tax losses of \$657 million relating to the impairment of assets and other items. The \$800 million increase in the fourth quarter of 2009 core results was primarily due to higher crude oil prices and sales volumes and lower operating costs.

For the fourth quarter of 2009, daily oil and gas sales volumes averaged 650,000 barrels of oil equivalent (BOE), compared with 620,000 BOE per day in the fourth quarter of 2008, a year-over-year increase of nearly five percent. Volumes increased by 14 percent in the Middle East/North Africa, and two percent each in the United States and Latin America. The Middle East/North Africa increase included new production from the Bahrain start-up and increased production from the Mukhaizna field in Oman.

Oxy's realized price for worldwide crude oil was \$69.39 per barrel for the fourth quarter of 2009, compared with \$53.52 per barrel for the fourth quarter of 2008. Domestic realized gas prices dropped from \$4.67 per MCF in the fourth quarter of 2008 to \$4.37 per MCF for the fourth quarter of 2009.

### Chemicals

Chemical segment earnings for the fourth quarter of 2009 were \$33 million, compared with \$127 million for the same period in 2008. The fourth quarter of 2008 core results were \$217 million after excluding a \$90 million pre-tax loss related to plant closure and impairments. The fourth quarter 2009 results reflect the continued weakness in most domestic markets, but in particular U.S. housing, durable goods and agricultural sectors.

### Midstream, Marketing and Other

Midstream segment earnings were \$81 million for the fourth quarter of 2009, compared with \$170 million for the fourth quarter of 2008. Earnings for the fourth quarter of 2009 reflect lower margins in the marketing business in 2009, compared to 2008, partially offset by higher pipeline income from Dolphin and improved margins in the gas processing business.

## TWELVE-MONTH RESULTS

### Oil and Gas

Oil and gas segment earnings were \$4.7 billion for the twelve months of 2009, compared with \$10.7 billion for the same period of 2008. Oil and gas core results, after excluding impairments and rig termination costs, were \$4.9 billion for the twelve months of 2009, compared to \$11.3 billion for the twelve months of 2008. The \$6.4 billion decrease in the 2009 core results reflected lower crude oil and natural gas prices, partially offset by increased oil and gas production and lower operating costs.

Daily oil and gas sales volumes for the year were 645,000 BOE per day for 2009, compared with 601,000 BOE per day for the 2008 period, a year-over-year increase of seven percent. Volumes increased 4 percent domestically, mainly in California and Midcontinent Gas, by 10 percent in Latin America, and 13 percent in the Middle East/North Africa. The increase in the Middle East/North Africa resulted from higher production in the Mukhaizna field in Oman and higher volumes resulting from lower year-over-year average oil prices affecting our production sharing contracts.

Oxy's realized price for worldwide crude oil was \$55.97 per barrel for the twelve months of 2009, compared with \$88.26 per barrel for the twelve months of 2008. Domestic realized gas prices decreased from \$8.03 per MCF in the twelve months of 2008 to \$3.46 per MCF in the twelve months of 2009.

### Chemicals

Chemical segment earnings were \$389 million for the twelve months of 2009 compared with \$669 million for the twelve months of 2008. The 2008 core results were \$759 million after excluding charges for plant closure and impairments. The decrease in 2009 results reflects lower volumes and prices for chlorine, caustic soda, polyvinyl chloride, and vinyl chloride monomer due to the economic slow down, partially offset by lower feedstock and energy costs.

### Midstream, Marketing and Other

Midstream segment earnings were \$235 million for the twelve months of 2009, compared with \$520 million for the same period in 2008. The 2009 results reflect lower marketing income and lower margins in the gas processing business.

### Forward-Looking Statements

Statements in this report that contain words such as "will," "should," "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 actual results to differ materially include, but are not limited to: global commodity price fluctuations and supply/demand considerations for oil, gas and chemicals; exploration risks, such as drilling of unsuccessful wells; not successfully completing (or any material delay in) any expansions, field development, capital projects, acquisitions, or dispositions; higher-than-expected costs; political risk; operational interruptions; and changes in tax rates. 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 disclosures 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)        | Fourth Quarter  |                 | Twelve Months    |                  |
|--|-----------------|-----------------|------------------|------------------|
|  | 2009            | 2008            | 2009             | 2008             |
| <b>SEGMENT NET SALES</b>                       |                 |                 |                  |                  |
| Oil and Gas                                    | \$ 3,646        | \$ 2,746        | \$ 11,598        | \$ 18,187        |
| Chemical                                       | 780             | 1,005           | 3,225            | 5,112            |
| Midstream, Marketing and Other                 | 253             | 394             | 1,016            | 1,598            |
| Eliminations                                   | (140)           | (124)           | (436)            | (680)            |
| <b>Net Sales</b>                               | <b>\$ 4,539</b> | <b>\$ 4,021</b> | <b>\$ 15,403</b> | <b>\$ 24,217</b> |
| <b>SEGMENT EARNINGS</b>                        |                 |                 |                  |                  |
| Oil and Gas (a), (b)                           | \$ 1,643        | \$ 339          | \$ 4,735         | \$ 10,651        |
| Chemical (c)                                   | 33              | 127             | 389              | 669              |
| Midstream, Marketing and Other                 | 81              | 170             | 235              | 520              |
|  | 1,757           | 636             | 5,359            | 11,840           |
| <b>Unallocated Corporate Items</b>             |                 |                 |                  |                  |
| Interest expense, net                          | (33)            | (16)            | (109)            | (26)             |
| Income taxes                                   | (673)           | (118)           | (1,918)          | (4,629)          |
| Other (d)                                      | (108)           | (54)            | (405)            | (346)            |
| <b>Income from Continuing Operations (a)</b>   | <b>943</b>      | <b>448</b>      | <b>2,927</b>     | <b>6,839</b>     |
| Discontinued operations, net                   | (5)             | (5)             | (12)             | 18               |
| <b>NET INCOME (a)</b>                          | <b>\$ 938</b>   | <b>\$ 443</b>   | <b>\$ 2,915</b>  | <b>\$ 6,857</b>  |
| <b>BASIC EARNINGS PER COMMON SHARE</b>         |                 |                 |                  |                  |
| Income from continuing operations              | \$ 1.16         | \$ 0.55         | \$ 3.60          | \$ 8.35          |
| Discontinued operations, net                   | (0.01)          | -               | (0.01)           | 0.02             |
|  | \$ 1.15         | \$ 0.55         | \$ 3.59          | \$ 8.37          |
| <b>DILUTED EARNINGS PER COMMON SHARE</b>       |                 |                 |                  |                  |
| Income from continuing operations              | \$ 1.16         | \$ 0.55         | \$ 3.59          | \$ 8.32          |
| Discontinued operations, net                   | (0.01)          | -               | (0.01)           | 0.02             |
|  | \$ 1.15         | \$ 0.55         | \$ 3.58          | \$ 8.34          |
| <b>AVERAGE BASIC COMMON SHARES OUTSTANDING</b> |                 |                 |                  |                  |
| BASIC  | 811.8           | 810.3           | 811.3            | 817.6            |
| DILUTED  | 813.5           | 811.5           | 813.8            | 820.5            |

(a) **Net Income** - Net income and income from continuing operations represent amounts attributable to Common Stock, after deducting non-controlling interest amounts of \$16 million and \$12 million for the fourth quarter and \$51 million and \$116 million for the twelve months ended December 31, 2009 and 2008, respectively. Oil and gas segment earnings are presented net of these non-controlling interest amounts.

(b) **Oil and Gas** - The fourth quarter and twelve months of 2009 include a pre-tax charge for asset impairment for \$170 million. The twelve months of 2009 also includes \$8 million for rig contract termination costs. The fourth quarter and 12 months 2008 include pre-tax charges of \$599 million for asset impairments and \$58 million for the termination of rig contracts.

(c) **Chemical** - The fourth quarter and 12 months of 2008 include a pre-tax charge of \$90 million for plant closure and impairments costs.

(d) **Unallocated Corporate Items - Other** - The twelve months of 2009 includes non-core pre-tax charges of \$40 million related to severance and \$15 million for railcar leases.

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

| (\$ millions)   | Fourth Quarter |                 | Twelve Months   |                 |
|---|----------------|-----------------|-----------------|-----------------|
|   | 2009           | 2008            | 2009            | 2008            |
| <b>CAPITAL EXPENDITURES</b>                               | <b>\$ 932</b>  | <b>\$ 1,594</b> | <b>\$ 3,581</b> | <b>\$ 4,664</b> |
| <b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b> | <b>\$ 820</b>  | <b>\$ 753</b>   | <b>\$ 3,117</b> | <b>\$ 2,710</b> |

**ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS**

| (\$ millions)                   | Fourth Quarter |              | Twelve Months |              |
|---------------------------------|----------------|--------------|---------------|--------------|
|                                 | 2009           | 2008         | 2009          | 2008         |
| <b>Foreign exchange gains *</b> | <b>\$ 8</b>    | <b>\$ 88</b> | <b>\$ 36</b>  | <b>\$ 91</b> |

\* Amounts shown after tax.

**SUMMARY OF OPERATING STATISTICS - SALES**

|   | Fourth Quarter |      | Twelve Months |      |
|---|----------------|------|---------------|------|
|   | 2009           | 2008 | 2009          | 2008 |
| <b>NET OIL, GAS AND LIQUIDS SALES PER DAY</b> |                |      |               |      |
| United States                                 |                |      |               |      |
| Crude Oil and Liquids (MBBL)                  |                |      |               |      |
| California                                    | 92             | 97   | 93            | 89   |
| Permian                                       | 168            | 167  | 168           | 168  |
| Midcontinent Gas                              | 11             | 9    | 10            | 6    |
| Total   | 271            | 273  | 271           | 263  |
| Natural Gas (MMCF)                            |                |      |               |      |
| California                                    | 282            | 221  | 250           | 235  |
| Permian                                       | 197            | 188  | 199           | 181  |
| Midcontinent Gas                              | 166            | 187  | 186           | 171  |
| Total   | 645            | 596  | 635           | 587  |
| Latin America                                 |                |      |               |      |
| Crude Oil (MBBL)                              |                |      |               |      |
| Argentina                                     | 37             | 32   | 37            | 32   |
| Colombia                                      | 36             | 39   | 39            | 37   |
| Total   | 73             | 71   | 76            | 69   |
| Natural Gas (MMCF)                            |                |      |               |      |
| Argentina                                     | 30             | 24   | 30            | 21   |
| Bolivia                                       | 12             | 21   | 16            | 21   |
| Total   | 42             | 45   | 46            | 42   |
| Middle East / North Africa                    |                |      |               |      |
| Crude Oil and Liquids (MBBL)                  |                |      |               |      |
| Oman  | 43             | 27   | 39            | 23   |
| Dolphin                                       | 20             | 23   | 21            | 21   |
| Qatar   | 48             | 48   | 48            | 47   |
| Yemen   | 28             | 22   | 29            | 23   |
| Libya   | 9              | 10   | 7             | 15   |
| Bahrain                                       | 1              | -    | -             | -    |
| Total   | 149            | 130  | 144           | 129  |
| Natural Gas (MMCF)                            |                |      |               |      |
| Oman  | 19             | 23   | 22            | 24   |
| Dolphin                                       | 198            | 209  | 213           | 184  |
| Bahrain                                       | 40             | -    | 10            | -    |
| Total   | 257            | 232  | 245           | 208  |
| <b>Barrels of Oil Equivalent (MBOE)</b>       |                |      |               |      |
|   | 650            | 620  | 645           | 601  |

**SUMMARY OF OPERATING STATISTICS - PRODUCTION**

|  | Fourth Quarter |            | Twelve Months |            |
|--|----------------|------------|---------------|------------|
|  | 2009           | 2008       | 2009          | 2008       |
| <b>NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY</b> |                |            |               |            |
| United States                                      |                |            |               |            |
| Crude Oil and Liquids (MBBL)                       | 271            | 273        | 271           | 263        |
| Natural Gas (MMCF)                                 | 645            | 596        | 635           | 587        |
| Latin America                                      |                |            |               |            |
| Crude Oil (MBBL)                                   |                |            |               |            |
| Argentina  | 36             | 38         | 36            | 34         |
| Colombia   | 36             | 39         | 39            | 38         |
| Total  | 72             | 77         | 75            | 72         |
| Natural Gas (MMCF)                                 | 42             | 45         | 46            | 42         |
| Middle East / North Africa                         |                |            |               |            |
| Crude Oil and Liquids (MBBL)                       |                |            |               |            |
| Oman   | 45             | 28         | 39            | 23         |
| Dolphin  | 20             | 22         | 22            | 20         |
| Qatar  | 46             | 48         | 48            | 47         |
| Yemen  | 27             | 22         | 28            | 23         |
| Libya  | 5              | 8          | 6             | 15         |
| Bahrain  | 1              | -          | -             | -          |
| Total  | 144            | 128        | 143           | 128        |
| Natural Gas (MMCF)                                 | 257            | 232        | 245           | 208        |
| <b>Barrels of Oil Equivalent (MBOE)</b>            | <b>644</b>     | <b>623</b> | <b>643</b>    | <b>603</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. These events may recur, even across successive reporting periods. 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.

| (\$ millions, except per-share amounts) | <b>2009</b>     | <b>Diluted EPS</b> | <b>2008</b>   | <b>Fourth Quarter<br/>Diluted EPS</b> |
|---|-----------------|--------------------|---------------|---------------------------------------|
| <b>TOTAL REPORTED EARNINGS</b>          | <b>\$ 938</b>   | <b>\$ 1.15</b>     | <b>\$ 443</b> | <b>\$ 0.55</b>                        |
| <b>Oil and Gas</b>                      |                 |                    |               |                                       |
| Segment Earnings                        | \$ 1,643        |                    | \$ 339        |                                       |
| Add:                                    |                 |                    |               |                                       |
| Asset impairments                       | 170             |                    | 599           |                                       |
| Rig contract terminations               | -               |                    | 58            |                                       |
| Segment Core Results                    | <u>1,813</u>    |                    | <u>996</u>    |                                       |
| <b>Chemicals</b>                        |                 |                    |               |                                       |
| Segment Earnings                        | 33              |                    | 127           |                                       |
| Add:                                    |                 |                    |               |                                       |
| Plant closure and impairments           | -               |                    | 90            |                                       |
| Segment Core Results                    | <u>33</u>       |                    | <u>217</u>    |                                       |
| <b>Midstream, Marketing and Other</b>   |                 |                    |               |                                       |
| Segment Earnings                        | 81              |                    | 170           |                                       |
| Add:                                    |                 |                    |               |                                       |
| No significant items affecting earnings | -               |                    | -             |                                       |
| Segment Core Results                    | <u>81</u>       |                    | <u>170</u>    |                                       |
| <b>Total Segment Core Results</b>       | <u>1,927</u>    |                    | <u>1,383</u>  |                                       |
| <b>Corporate</b>                        |                 |                    |               |                                       |
| Corporate Results --                    |                 |                    |               |                                       |
| Non Segment *                           | (819)           |                    | (193)         |                                       |
| Add:                                    |                 |                    |               |                                       |
| Tax effect of pre-tax adjustments       | (55)            |                    | (238)         |                                       |
| Discontinued operations, net **         | 5               |                    | 5             |                                       |
| Corporate Core Results - Non Segment    | <u>(869)</u>    |                    | <u>(426)</u>  |                                       |
| <b>TOTAL CORE RESULTS</b>               | <u>\$ 1,058</u> | <u>\$ 1.30</u>     | <u>\$ 957</u> | <u>\$ 1.18</u>                        |

\* Interest expense, income taxes, G&A expense and other

\*\* Amounts shown after tax.

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)**

| (\$ millions, except per-share amounts) |                 |                | Twelve Months   |                |
|---|-----------------|----------------|-----------------|----------------|
|   | 2009            | Diluted EPS    | 2008            | Diluted EPS    |
| <b>TOTAL REPORTED EARNINGS</b>          | <b>\$ 2,915</b> | <b>\$ 3.58</b> | <b>\$ 6,857</b> | <b>\$ 8.34</b> |
| <b>Oil and Gas</b>                      |                 |                |                 |                |
| Segment Earnings                        | \$ 4,735        |                | \$ 10,651       |                |
| Add:                                    |                 |                |                 |                |
| Asset impairments                       | 170             |                | 599             |                |
| Rig contract terminations               | 8               |                | 58              |                |
| Segment Core Results                    | 4,913           |                | 11,308          |                |
| <b>Chemicals</b>                        |                 |                |                 |                |
| Segment Earnings                        | 389             |                | 669             |                |
| Add:                                    |                 |                |                 |                |
| Plant closure and impairments           | -               |                | 90              |                |
| Segment Core Results                    | 389             |                | 759             |                |
| <b>Midstream, Marketing and Other</b>   |                 |                |                 |                |
| Segment Earnings                        | 235             |                | 520             |                |
| Add:                                    |                 |                |                 |                |
| No significant items affecting earnings | -               |                | -               |                |
| Segment Core Results                    | 235             |                | 520             |                |
| <b>Total Segment Core Results</b>       | <b>5,537</b>    |                | <b>12,587</b>   |                |
| <b>Corporate</b>                        |                 |                |                 |                |
| Corporate Results --                    |                 |                |                 |                |
| Non Segment *                           | (2,444)         |                | (4,983)         |                |
| Add:                                    |                 |                |                 |                |
| Railcar leases                          | 15              |                | -               |                |
| Severance accruals                      | 40              |                | -               |                |
| Tax effect of pre-tax adjustments       | (77)            |                | (238)           |                |
| Discontinued operations, net **         | 12              |                | (18)            |                |
| Corporate Core Results - Non Segment    | (2,454)         |                | (5,239)         |                |
| <b>TOTAL CORE RESULTS</b>               | <b>\$ 3,083</b> | <b>\$ 3.78</b> | <b>\$ 7,348</b> | <b>\$ 8.94</b> |

\* Interest expense, income taxes, G&A expense and other

\*\* Amounts shown after tax.

## Section 9 - Financial Statements and Exhibits

### Item 9.01. Financial Statements and Exhibits

#### (d) Exhibits

- 99.1 Press release dated January 28, 2010.
- 99.2 Full text of speeches given by Dr. Ray R. Irani and 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: January 28, 2010


/s/ ROY PINECI

Roy Pineci, Vice President, Controller  
and Principal Accounting Officer

## EXHIBIT INDEX

- 99.1 Press release dated January 28, 2010.
- 99.2 Full text of speeches given by Dr. Ray R. Irani and 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.

# Oxy News Release


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

For Immediate Release: January 28, 2010

## Occidental Petroleum Announces Fourth Quarter and 12-Month 2009 Results

- Q4 2009 core income \$1.1 billion (\$1.30 per diluted share); net income \$938 million (\$1.15 per share)
- Q4 2009 daily oil and gas sales average of 650,000 BOE per day
- 12-month core income \$3.1 billion (\$3.78 per diluted share); net income \$2.9 billion (\$3.58 per share)
- 12-month production growth over 7 percent to record 645,000 BOE per day
- 12-month production costs reduced 15 percent per BOE

LOS ANGELES, January 28, 2010 -- Occidental Petroleum Corporation (NYSE: OXY) announced net income of \$938 million (\$1.15 per diluted share) for the fourth quarter of 2009, compared with \$443 million (\$0.55 per diluted share) for the fourth quarter of 2008. Core results for the fourth quarter of 2009 were \$1.1 billion (\$1.30 per diluted share), compared with \$957 million (\$1.18 per diluted share) for the fourth quarter of 2008. Core results excluded after-tax charges of \$120 million (\$0.15 per diluted share) for 2009 and \$514 million (\$0.63 per diluted share) for 2008.

Net income for the twelve months of 2009 was \$2.9 billion (\$3.58 per diluted share), compared with \$6.9 billion (\$8.34 per diluted share) for the twelve months of 2008. Full year core results were \$3.1 billion (\$3.78 per diluted share) for 2009, compared with \$7.3 billion (\$8.94 per diluted share) for 2008.

In announcing the results, Dr. Ray R. Irani, Chairman and Chief Executive Officer, said, "I am pleased to announce Occidental's production for the twelve months ended December 31, 2009 was 645,000 BOE per day, the highest annual volume in the Company's history. Occidental achieved year-over-year growth of over seven percent for the twelve months of 2009. We expect the 2010 production to increase by 5 percent to 8 percent.

"The year 2009 experienced volatile commodity prices with WTI beginning the year in the low \$40 per barrel range and ending the year above \$75 per barrel. Occidental reacted to the lower prices by reducing costs in key areas and managing our capital program. We successfully reduced our oil and gas cash production costs, excluding production and property taxes, by 15 percent. "

## QUARTERLY RESULTS

### Oil and Gas

Oil and gas segment earnings were \$1.6 billion for the fourth quarter of 2009, compared with \$339 million for the same period in 2008. The fourth quarter of 2009 core results were \$1.8 billion, excluding a pre-tax loss of \$170 million related to impairment of assets. The 2008 core results were \$1 billion, excluding pre-tax losses of \$657 million relating to the impairment of assets and other items. The \$800 million increase in the fourth quarter of 2009 core results was primarily due to higher crude oil prices and sales volumes and lower operating costs.

For the fourth quarter of 2009, daily oil and gas sales volumes averaged 650,000 barrels of oil equivalent (BOE), compared with 620,000 BOE per day in the fourth quarter of 2008, a year-over-year increase of nearly five percent. Volumes increased by 14 percent in the Middle East/North Africa, and two percent each in the United States and Latin America. The Middle East/North Africa increase included new production from the Bahrain start-up and increased production from the Mukhaizna field in Oman.

Oxy's realized price for worldwide crude oil was \$69.39 per barrel for the fourth quarter of 2009, compared with \$53.52 per barrel for the fourth quarter of 2008. Domestic realized gas prices dropped from \$4.67 per MCF in the fourth quarter of 2008 to \$4.37 per MCF for the fourth quarter of 2009.

### Chemicals

Chemical segment earnings for the fourth quarter of 2009 were \$33 million, compared with \$127 million for the same period in 2008. The fourth quarter of 2008 core results were \$217 million after excluding a \$90 million pre-tax loss related to plant closure and impairments. The fourth quarter 2009 results reflect the continued weakness in most domestic markets, but in particular U.S. housing, durable goods and agricultural sectors.

### Midstream, Marketing and Other

Midstream segment earnings were \$81 million for the fourth quarter of 2009, compared with \$170 million for the fourth quarter of 2008. Earnings for the fourth quarter of 2009 reflect lower margins in the marketing business in 2009, compared to 2008, partially offset by higher pipeline income from Dolphin and improved margins in the gas processing business.

## **TWELVE-MONTH RESULTS**

### **Oil and Gas**

Oil and gas segment earnings were \$4.7 billion for the twelve months of 2009, compared with \$10.7 billion for the same period of 2008. Oil and gas core results, after excluding impairments and rig termination costs, were \$4.9 billion for the twelve months of 2009, compared to \$11.3 billion for the twelve months of 2008. The \$6.4 billion decrease in the 2009 core results reflected lower crude oil and natural gas prices, partially offset by increased oil and gas production and lower operating costs.

Daily oil and gas sales volumes for the year were 645,000 BOE per day for 2009, compared with 601,000 BOE per day for the 2008 period, a year-over-year increase of seven percent. Volumes increased 4 percent domestically, mainly in California and Midcontinent Gas, by 10 percent in Latin America, and 13 percent in the Middle East/North Africa. The increase in the Middle East/North Africa resulted from higher production in the Mukhaizna field in Oman and higher volumes resulting from lower year-over-year average oil prices affecting our production sharing contracts.

Oxy's realized price for worldwide crude oil was \$55.97 per barrel for the twelve months of 2009, compared with \$88.26 per barrel for the twelve months of 2008. Domestic realized gas prices decreased from \$8.03 per MCF in the twelve months of 2008 to \$3.46 per MCF in the twelve months of 2009.

### **Chemicals**

Chemical segment earnings were \$389 million for the twelve months of 2009 compared with \$669 million for the twelve months of 2008. The 2008 core results were \$759 million after excluding charges for plant closure and impairments. The decrease in 2009 results reflects lower volumes and prices for chlorine, caustic soda, polyvinyl chloride, and vinyl chloride monomer due to the economic slow down, partially offset by lower feedstock and energy costs.

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

Midstream segment earnings were \$235 million for the twelve months of 2009, compared with \$520 million for the same period in 2008. The 2009 results reflect lower marketing income and lower margins in the gas processing business.



### 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," "should," "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 actual results to differ materially include, but are not limited to: global commodity price fluctuations and supply/demand considerations for oil, gas and chemicals; exploration risks, such as drilling of unsuccessful wells; not successfully completing (or any material delay in) any expansions, field development, capital projects, acquisitions, or dispositions; higher-than-expected costs; political risk; operational interruptions; and changes in tax rates. 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 disclosures 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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For further analysis of Occidental's quarterly performance,  
please visit the web site: [www.oxy.com](http://www.oxy.com)

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**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

| (\$ millions, except per-share amounts)        | Fourth Quarter  |                 | Twelve Months    |                  |
|--|-----------------|-----------------|------------------|------------------|
|  | 2009            | 2008            | 2009             | 2008             |
| <b>SEGMENT NET SALES</b>                       |                 |                 |                  |                  |
| Oil and Gas                                    | \$ 3,646        | \$ 2,746        | \$ 11,598        | \$ 18,187        |
| Chemical                                       | 780             | 1,005           | 3,225            | 5,112            |
| Midstream, Marketing and Other                 | 253             | 394             | 1,016            | 1,598            |
| Eliminations                                   | (140)           | (124)           | (436)            | (680)            |
| <b>Net Sales</b>                               | <b>\$ 4,539</b> | <b>\$ 4,021</b> | <b>\$ 15,403</b> | <b>\$ 24,217</b> |
| <b>SEGMENT EARNINGS</b>                        |                 |                 |                  |                  |
| Oil and Gas (a), (b)                           | \$ 1,643        | \$ 339          | \$ 4,735         | \$ 10,651        |
| Chemical (c)                                   | 33              | 127             | 389              | 669              |
| Midstream, Marketing and Other                 | 81              | 170             | 235              | 520              |
|  | 1,757           | 636             | 5,359            | 11,840           |
| <b>Unallocated Corporate Items</b>             |                 |                 |                  |                  |
| Interest expense, net                          | (33)            | (16)            | (109)            | (26)             |
| Income taxes                                   | (673)           | (118)           | (1,918)          | (4,629)          |
| Other (d)                                      | (108)           | (54)            | (405)            | (346)            |
| <b>Income from Continuing Operations (a)</b>   | <b>943</b>      | <b>448</b>      | <b>2,927</b>     | <b>6,839</b>     |
| Discontinued operations, net                   | (5)             | (5)             | (12)             | 18               |
| <b>NET INCOME (a)</b>                          | <b>\$ 938</b>   | <b>\$ 443</b>   | <b>\$ 2,915</b>  | <b>\$ 6,857</b>  |
| <b>BASIC EARNINGS PER COMMON SHARE</b>         |                 |                 |                  |                  |
| Income from continuing operations              | \$ 1.16         | \$ 0.55         | \$ 3.60          | \$ 8.35          |
| Discontinued operations, net                   | (0.01)          | -               | (0.01)           | 0.02             |
|  | \$ 1.15         | \$ 0.55         | \$ 3.59          | \$ 8.37          |
| <b>DILUTED EARNINGS PER COMMON SHARE</b>       |                 |                 |                  |                  |
| Income from continuing operations              | \$ 1.16         | \$ 0.55         | \$ 3.59          | \$ 8.32          |
| Discontinued operations, net                   | (0.01)          | -               | (0.01)           | 0.02             |
|  | \$ 1.15         | \$ 0.55         | \$ 3.58          | \$ 8.34          |
| <b>AVERAGE BASIC COMMON SHARES OUTSTANDING</b> |                 |                 |                  |                  |
| BASIC  | 811.8           | 810.3           | 811.3            | 817.6            |
| DILUTED  | 813.5           | 811.5           | 813.8            | 820.5            |

(a) **Net Income** - Net income and income from continuing operations represent amounts attributable to Common Stock, after deducting non-controlling interest amounts of \$16 million and \$12 million for the fourth quarter and \$51 million and \$116 million for the twelve months ended December 31, 2009 and 2008, respectively. Oil and gas segment earnings are presented net of these non-controlling interest amounts.

(b) **Oil and Gas** - The fourth quarter and twelve months of 2009 include a pre-tax charge for asset impairment for \$170 million. The twelve months of 2009 also includes \$8 million for rig contract termination costs. The fourth quarter and 12 months 2008 include pre-tax charges of \$599 million for asset impairments and \$58 million for the termination of rig contracts.

(c) **Chemical** - The fourth quarter and 12 months of 2008 include a pre-tax charge of \$90 million for plant closure and impairments costs.

(d) **Unallocated Corporate Items - Other** - The twelve months of 2009 includes non-core pre-tax charges of \$40 million related to severance and \$15 million for railcar leases.

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

| (\$ millions)   | Fourth Quarter |          | Twelve Months |          |
|---|----------------|----------|---------------|----------|
|   | 2009           | 2008     | 2009          | 2008     |
| <b>CAPITAL EXPENDITURES</b>                               | \$ 932         | \$ 1,594 | \$ 3,581      | \$ 4,664 |
| <b>DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS</b> | \$ 820         | \$ 753   | \$ 3,117      | \$ 2,710 |

**ITEMS AFFECTING COMPARABILITY OF CORE EARNINGS BETWEEN PERIODS**

| (\$ millions)                   | Fourth Quarter |       | Twelve Months |       |
|---------------------------------|----------------|-------|---------------|-------|
|                                 | 2009           | 2008  | 2009          | 2008  |
| <b>Foreign exchange gains *</b> | \$ 8           | \$ 88 | \$ 36         | \$ 91 |

\* Amounts shown after tax.

**SUMMARY OF OPERATING STATISTICS - SALES**

|   | Fourth Quarter |      | Twelve Months |      |
|---|----------------|------|---------------|------|
|   | 2009           | 2008 | 2009          | 2008 |
| <b>NET OIL, GAS AND LIQUIDS SALES PER DAY</b> |                |      |               |      |
| United States                                 |                |      |               |      |
| Crude Oil and Liquids (MBBL)                  |                |      |               |      |
| California                                    | 92             | 97   | 93            | 89   |
| Permian                                       | 168            | 167  | 168           | 168  |
| Midcontinent Gas                              | 11             | 9    | 10            | 6    |
| Total   | 271            | 273  | 271           | 263  |
| Natural Gas (MMCF)                            |                |      |               |      |
| California                                    | 282            | 221  | 250           | 235  |
| Permian                                       | 197            | 188  | 199           | 181  |
| Midcontinent Gas                              | 166            | 187  | 186           | 171  |
| Total   | 645            | 596  | 635           | 587  |
| Latin America                                 |                |      |               |      |
| Crude Oil (MBBL)                              |                |      |               |      |
| Argentina                                     | 37             | 32   | 37            | 32   |
| Colombia                                      | 36             | 39   | 39            | 37   |
| Total   | 73             | 71   | 76            | 69   |
| Natural Gas (MMCF)                            |                |      |               |      |
| Argentina                                     | 30             | 24   | 30            | 21   |
| Bolivia                                       | 12             | 21   | 16            | 21   |
| Total   | 42             | 45   | 46            | 42   |
| Middle East / North Africa                    |                |      |               |      |
| Crude Oil and Liquids (MBBL)                  |                |      |               |      |
| Oman  | 43             | 27   | 39            | 23   |
| Dolphin                                       | 20             | 23   | 21            | 21   |
| Qatar   | 48             | 48   | 48            | 47   |
| Yemen   | 28             | 22   | 29            | 23   |
| Libya   | 9              | 10   | 7             | 15   |
| Bahrain                                       | 1              | -    | -             | -    |
| Total   | 149            | 130  | 144           | 129  |
| Natural Gas (MMCF)                            |                |      |               |      |
| Oman  | 19             | 23   | 22            | 24   |
| Dolphin                                       | 198            | 209  | 213           | 184  |
| Bahrain                                       | 40             | -    | 10            | -    |
| Total   | 257            | 232  | 245           | 208  |
| <b>Barrels of Oil Equivalent (MBOE)</b>       |                |      |               |      |
|   | 650            | 620  | 645           | 601  |

**SUMMARY OF OPERATING STATISTICS - PRODUCTION**

|  | Fourth Quarter |      | Twelve Months |      |
|--|----------------|------|---------------|------|
|  | 2009           | 2008 | 2009          | 2008 |
| <b>NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY</b> |                |      |               |      |
| United States                                      |                |      |               |      |
| Crude Oil and Liquids (MBBL)                       | 271            | 273  | 271           | 263  |
| Natural Gas (MMCF)                                 | 645            | 596  | 635           | 587  |
| Latin America                                      |                |      |               |      |
| Crude Oil (MBBL)                                   |                |      |               |      |
| Argentina  | 36             | 38   | 36            | 34   |
| Colombia   | 36             | 39   | 39            | 38   |
| Total  | 72             | 77   | 75            | 72   |
| Natural Gas (MMCF)                                 | 42             | 45   | 46            | 42   |
| Middle East / North Africa                         |                |      |               |      |
| Crude Oil and Liquids (MBBL)                       |                |      |               |      |
| Oman   | 45             | 28   | 39            | 23   |
| Dolphin  | 20             | 22   | 22            | 20   |
| Qatar  | 46             | 48   | 48            | 47   |
| Yemen  | 27             | 22   | 28            | 23   |
| Libya  | 5              | 8    | 6             | 15   |
| Bahrain  | 1              | -    | -             | -    |
| Total  | 144            | 128  | 143           | 128  |
| Natural Gas (MMCF)                                 | 257            | 232  | 245           | 208  |
| <b>Barrels of Oil Equivalent (MBOE)</b>            |                |      |               |      |
|  | 644            | 623  | 643           | 603  |

**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. These events may recur, even across successive reporting periods. 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.

| (\$ millions, except per-share amounts) | <b>2009</b>     | <b>Diluted EPS</b> | <b>2008</b>   | <b>Fourth Quarter<br/>Diluted EPS</b> |
|---|-----------------|--------------------|---------------|---------------------------------------|
| <b>TOTAL REPORTED EARNINGS</b>          | <b>\$ 938</b>   | <b>\$ 1.15</b>     | <b>\$ 443</b> | <b>\$ 0.55</b>                        |
| <b>Oil and Gas</b>                      |                 |                    |               |                                       |
| Segment Earnings                        | \$ 1,643        |                    | \$ 339        |                                       |
| Add:                                    |                 |                    |               |                                       |
| Asset impairments                       | 170             |                    | 599           |                                       |
| Rig contract terminations               | -               |                    | 58            |                                       |
| Segment Core Results                    | <u>1,813</u>    |                    | <u>996</u>    |                                       |
| <b>Chemicals</b>                        |                 |                    |               |                                       |
| Segment Earnings                        | 33              |                    | 127           |                                       |
| Add:                                    |                 |                    |               |                                       |
| Plant closure and impairments           | -               |                    | 90            |                                       |
| Segment Core Results                    | <u>33</u>       |                    | <u>217</u>    |                                       |
| <b>Midstream, Marketing and Other</b>   |                 |                    |               |                                       |
| Segment Earnings                        | 81              |                    | 170           |                                       |
| Add:                                    |                 |                    |               |                                       |
| No significant items affecting earnings | -               |                    | -             |                                       |
| Segment Core Results                    | <u>81</u>       |                    | <u>170</u>    |                                       |
| <b>Total Segment Core Results</b>       | <u>1,927</u>    |                    | <u>1,383</u>  |                                       |
| <b>Corporate</b>                        |                 |                    |               |                                       |
| Corporate Results --                    |                 |                    |               |                                       |
| Non Segment *                           | (819)           |                    | (193)         |                                       |
| Add:                                    |                 |                    |               |                                       |
| Tax effect of pre-tax adjustments       | (55)            |                    | (238)         |                                       |
| Discontinued operations, net **         | 5               |                    | 5             |                                       |
| Corporate Core Results - Non Segment    | <u>(869)</u>    |                    | <u>(426)</u>  |                                       |
| <b>TOTAL CORE RESULTS</b>               | <u>\$ 1,058</u> | <u>\$ 1.30</u>     | <u>\$ 957</u> | <u>\$ 1.18</u>                        |

\* Interest expense, income taxes, G&A expense and other

\*\* Amounts shown after tax.

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS (continued)**

| (\$ millions, except per-share amounts) |                 |                | Twelve Months   |                |
|---|-----------------|----------------|-----------------|----------------|
|   | 2009            | Diluted EPS    | 2008            | Diluted EPS    |
| <b>TOTAL REPORTED EARNINGS</b>          | <b>\$ 2,915</b> | <b>\$ 3.58</b> | <b>\$ 6,857</b> | <b>\$ 8.34</b> |
| <b>Oil and Gas</b>                      |                 |                |                 |                |
| Segment Earnings                        | \$ 4,735        |                | \$ 10,651       |                |
| Add:                                    |                 |                |                 |                |
| Asset impairments                       | 170             |                | 599             |                |
| Rig contract terminations               | 8               |                | 58              |                |
| Segment Core Results                    | 4,913           |                | 11,308          |                |
| <b>Chemicals</b>                        |                 |                |                 |                |
| Segment Earnings                        | 389             |                | 669             |                |
| Add:                                    |                 |                |                 |                |
| Plant closure and impairments           | -               |                | 90              |                |
| Segment Core Results                    | 389             |                | 759             |                |
| <b>Midstream, Marketing and Other</b>   |                 |                |                 |                |
| Segment Earnings                        | 235             |                | 520             |                |
| Add:                                    |                 |                |                 |                |
| No significant items affecting earnings | -               |                | -               |                |
| Segment Core Results                    | 235             |                | 520             |                |
| <b>Total Segment Core Results</b>       | <b>5,537</b>    |                | <b>12,587</b>   |                |
| <b>Corporate</b>                        |                 |                |                 |                |
| Corporate Results --                    |                 |                |                 |                |
| Non Segment *                           | (2,444)         |                | (4,983)         |                |
| Add:                                    |                 |                |                 |                |
| Railcar leases                          | 15              |                | -               |                |
| Severance accruals                      | 40              |                | -               |                |
| Tax effect of pre-tax adjustments       | (77)            |                | (238)           |                |
| Discontinued operations, net **         | 12              |                | (18)            |                |
| Corporate Core Results - Non Segment    | (2,454)         |                | (5,239)         |                |
| <b>TOTAL CORE RESULTS</b>               | <b>\$ 3,083</b> | <b>\$ 3.78</b> | <b>\$ 7,348</b> | <b>\$ 8.94</b> |

\* Interest expense, income taxes, G&A expense and other

\*\* Amounts shown after tax.

**Occidental Petroleum Corporation****DR. RAY R. IRANI**  
**Chairman and Chief Executive Officer****-Conference Call-**  
**Fourth Quarter 2009 Earnings Announcement*****January 28, 2010***  
Los Angeles, California

Thank you, Chris. Good morning, ladies and gentlemen.

2009 was an interesting year that tested strategic and execution capabilities across the U.S. oil and gas industry. We believe that Oxy passed last year's test with an A+. We achieved solid financial results in a challenging environment.

In a few minutes, Steve Chazen will provide details on our financial results for the fourth quarter and full year of 2009. But first, I want to mention some highlights and key developments of the past year that we believe are integral to Oxy's continued success in 2010 and beyond.

Notably, in 2009 we were able to grow our worldwide production 7-percent year-over-year while not increasing our net debt to capitalization ratio. This brought us to the highest annual production volume in our history – 645,000 BOE per day. We expect a similar increase in oil and gas production both this year and next while continuing to focus on operational efficiency.

Also noteworthy, during the next two weeks we will be announcing the official results of our 2009 production replacement. The results look very favorable. We expect to announce that the 2009 reserve replacement ratio is about 200 percent.

In 2009 we maintained our "A" debt rating across all ratings agencies. And we continued to build our pipeline of exciting opportunities, which gives



us confidence that our production increases from continuing operations of about 5 to 8 percent annually over the last five years will again be an achievable target for the next five years.

These results are attributable to consistent execution of our long-term financial strategy, as well as a successful companywide initiative to reduce costs.

We aggressively managed our oil and gas production costs in 2009's volatile commodity price environment, reducing our oil and gas production costs per BOE by 15 percent, excluding production and property taxes. We ended the year with cash on hand of \$1.2 billion, very little debt and one of the strongest balance sheets in the industry.

During the past 12 months, we capitalized on some key opportunities to strengthen our position and achieve further growth.

In the United States, we announced a significant discovery of oil and gas reserves in Kern County, California, with initial estimated reserves of 150 to 250 million gross barrels of oil equivalent. Steve will give you an update on its continued production growth in his upcoming comments.

We also made numerous acquisitions of properties adjacent to our key operations in Texas and California, and expanded other areas of our core business.

In our chemical segment, we acquired Dow Chemical Company's calcium chloride operations. Calcium chloride is a premium salt with a variety of beneficial applications, including ice control on roads and sidewalks. Our product line has an approximately 65 percent share of the North American calcium chloride market.

There were also significant, positive developments in the Middle East.

In Bahrain, we are partnering with Mubadala of Abu Dhabi on a project to redevelop the Bahrain Field. Field operations began on December 1st. We

expect to increase oil production from the Bahrain Field to about three times its current level of production, to reach 100,000 barrels of oil equivalent per day within seven years, and increase gas production by more than 65 percent to approximately 2.5 billion cubic feet per day.

It was announced in the fourth quarter that Oxy, partnering with a consortium led by Eni, was awarded a license for development of the Zubair Field in Iraq. Last Friday we announced the signing of the contract with the government of Iraq. We expect Zubair to reach production of approximately 1.2 million barrels of oil per day within the next six years.

Solid production growth continued at the giant Mukhaizna oilfield in south-central Oman, where we have a major steam flood project for enhanced oil recovery. As of year-end 2009, gross daily production was over 10 times higher than the production rate in September 2005, when Oxy assumed operation of the field.

Looking ahead to our 2010 capital expenditures, we plan to increase CAPEX approximately 19 percent from the \$3.6 billion spent in 2009 to about \$4.3 billion, for projects that will stimulate our continued growth while maintaining our targeted financial returns.

Our 2009 results confirm that Oxy is well positioned to succeed in the volatile business climate that has presented significant challenges to our industry and to the global economy. We plan to maintain a low-risk, low-leverage profile and a consistent focus on building stockholder value.

With our concentration on core areas, growth in production and reserves, efficient operations and strong balance sheet, we are confident in our ability to continue achieving sustained growth and delivering solid profitability.

I'll now turn the call over to Steve Chazen.

###

**Occidental Petroleum Corporation**

**STEPHEN CHAZEN**  
**President and Chief Financial Officer**

**– Conference Call –**  
**Fourth Quarter 2009 Earnings Announcement**

*January 28, 2010*  
Los Angeles, California

Thank you Ray.

Net income was \$938 million in the fourth quarter of 2009, compared to \$443 million in the fourth quarter of 2008. The 2009 fourth quarter net income included after-tax non-core charges, mostly consisting of a \$115 million impairment of certain Argentine producing properties. The 2008 fourth quarter included after-tax non-core charges of \$514 million for impairments, rig termination costs and plant closures. Core results were \$1.1 billion in the fourth quarter of 2009, compared to \$957 million in the fourth quarter of 2008.

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

Oil and gas fourth quarter 2009 segment earnings were \$1.6 billion, compared to \$339 million for the fourth quarter of 2008. Oil and gas core results for the fourth quarter of 2009 were \$1.8 billion compared to \$1 billion for the fourth quarter of 2008, after excluding asset impairments in both periods and rig termination costs in 2008.

- The increase in the 2009 fourth quarter earnings was due to higher crude oil prices and sales volumes and lower operating expenses.

Occidental's average realized crude oil price in the 2009 fourth quarter was \$69.39 per barrel, an increase of 30 percent from the \$53.52 per barrel in the comparable period of 2008. Oxy's domestic average realized gas price for the quarter was \$4.37 per mcf, compared with \$4.67 per mcf for the fourth quarter of 2008.

- Worldwide oil and gas sales volumes for the fourth quarter of 2009 were 650,000 barrels of oil equivalent per day, an increase of nearly 5 percent, compared with 620,000 BOE per day in the fourth quarter of last year. Daily production volume increased 23,000 BOE from Oman and Bahrain, 6,000 BOE from Argentina and 13,000 BOE from California operations, excluding Long Beach. Partially offsetting these increases were lower Middle East volumes of 7,000 BOE per day caused by higher oil prices affecting our production sharing contracts.
- Fourth quarter of 2009 worldwide oil and gas sales volumes increased 3 1/2 percent or 22,000 BOE per day from the third quarter 2009 sales volumes of 628,000 BOE per day.
  - We began Bahrain production and development activities on December 1, 2009.
  - Argentina volumes increased by 8,000 BOE per day. The third quarter included a 9,000 BOE per day loss due to the Santa Cruz strike.
  - California volumes, excluding Long Beach, increased by 3,000 BOE per day.
  - Oman volumes increased by 4,000 BOE per day from the Mukhaizna field.
- Exploration expense was \$99 million in the quarter.

Chemical segment earnings for the fourth quarter of 2009 were \$33 million, compared to \$127 million in last year's fourth quarter. After excluding plant closure and impairments, the fourth quarter 2008 core results were \$217 million. The fourth quarter 2009 results reflect the continued weakness in most domestic markets, but in particular U.S. housing, durable goods and agricultural sectors.

Midstream segment earnings for the fourth quarter of 2009 were \$81 million, compared to \$170 million in the fourth quarter of 2008. The decrease in earnings was due to lower margins in the marketing business in 2009 compared to 2008, partially offset by improved NGL margins resulting from lower maintenance expenses, energy costs and property taxes in the gas processing business and higher income from the Dolphin Pipeline.

The worldwide effective tax rate was 41 percent for the fourth quarter of 2009, in line with our guidance.

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

Net income was \$2.9 billion for the twelve months of 2009, compared with \$6.9 billion for the same period of 2008. Core results for the twelve months of 2009 were \$3.1 billion, compared with \$7.3 billion for the full year of 2008. Income for the twelve months of 2009 included \$168 million of charges, net of tax and 2008 included \$491 million of charges, net of tax, for the items noted on the schedule reconciling net income to core results.

Oil and gas cash production costs, excluding production and property taxes, were \$10.37 a barrel for the twelve months of 2009, a 15 percent decline from last year's twelve-month costs of \$12.13 a barrel.

Taxes – other than on income were \$1.77 per barrel for the twelve months of 2009 compared to \$2.62 per barrel for all of 2008. These costs, which are sensitive to product prices, reflect lower crude oil and gas prices in 2009.

**Capital spending** for 2009 was \$3.6 billion. Capital expenditures by segment were 79 percent in Oil and Gas, 6 percent in Chemical and 15 percent in Midstream. The Oil and Gas expenditures were 56 percent in foreign operations and 44 percent domestically.

**Cash flow from operations** for the twelve months of 2009 was \$5.8 billion. We used \$3.6 billion of the company's cash flow to fund capital expenditures and \$1.8 billion on acquisitions and foreign bonuses. These items amounted to \$5.4 billion of cash use. We also used \$1.1 billion to pay dividends. These and other net cash flows decreased our \$1.8 billion cash balance at the end of last year by \$600 million to \$1.2 billion at December 31. Fourth quarter free cash flow after capital spending, dividends and taxes but before acquisition activity was about \$850 million.

The weighted average basic shares outstanding for the twelve months were 811.3 million and the weighted average diluted shares outstanding were 813.8 million.

Our debt to capitalization ratio was 9 percent. Oxy's 2009 return on equity was 10.3 percent, with return on capital employed of 9.6 percent.

Now we'll discuss some factors affecting our **2010 program**.

Beginning in 2010, we are making three reporting changes which will impact comparability between years.

- Historically, our production volumes have been reported as a mix of pre-tax and after tax volumes while our revenues have reflected only pre-tax sales. This difference is caused by our production sharing contracts in the Middle East and North Africa where production is immediately taken and sold to pay the local income tax. We have treated this as additional revenues but not additional production. To simplify our reporting and to conform with industry practice, our production and our revenues will now be tied. Beginning this year we will refer to production on this more

accurate and consistent basis. To assist you in making comparisons, an historical chart is presented in the Investor Relations Supplemental Schedules that shows what the previous 5-year and the 2009 quarterly volumes would have been on this basis. All references to growth and volume comparisons will be against these reformatted production volumes. For example the production from last year will be referred to as 714,000 BOE per day rather than 645,000 BOE per day for the year. This change will have no effect on the company's financial statements.

- We have combined most of our gas production in the mid-continental regions of the United States into a single business unit called Midcontinent Gas, in order to take advantage of common development methods and production optimization opportunities. This business unit will include the Hugoton field, the Piceance basin as well as the bulk of the Permian basin non-associated gas assets, which had been reported as part of the Permian business unit through the end of 2009. Starting in 2010, these assets will be reported in Midcontinent Gas. As a result, Midcontinent Gas unit's production will be approximately 75 percent gas and 25 percent liquids. Permian's production will go from 84 percent liquids and 16 percent gas, to 89 percent liquids and 11 percent, mostly associated, gas. Included in the Investor Relations Supplemental Schedules are charts showing what the previous 5-years and the 2009 quarterly sales volumes would have been for these business units if those Permian gas properties had been reported as part of Midcontinent Gas.
- Capitalized CO<sub>2</sub> – Occidental's policy regarding tertiary recovery is to capitalize costs, such as CO<sub>2</sub>, when they support development of proved reserves and generally expense these costs when they support current production. In 2009, we capitalized approximately 50 percent of the CO<sub>2</sub> injected in the Permian basin. Over the years, as the CO<sub>2</sub> program

matures, a larger portion of the injected gas supports current production. Beginning in 2010, we will be expensing 100 percent of the CO<sub>2</sub> injected, in order to simplify the process of determining the portion that should be capitalized versus expensed. In 2009, \$69 million of CO<sub>2</sub> costs were capitalized.

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

- We expect oil and gas sales volumes to increase from the reformatted fourth quarter 2009 amount of 722,000 BOE/day to about 730,000 to 740,000 BOE/day at about current oil prices. Increases will come from California, Bahrain and Oman.

With regard to **prices** - -

- At current market prices, a \$1.00 per barrel change in oil prices impacts oil and gas quarterly earnings before income taxes by about \$36 million. The average fourth quarter WTI oil price was \$76.19 per barrel.
- A swing of 50-cents per million BTUs in domestic gas prices has a \$24 million impact on quarterly earnings before income taxes. The current NYMEX gas price is around \$5.60 per MCF.

Additionally - -

- We expect exploration expense to be about \$75 million for seismic and drilling for our exploration programs.
- For the chemical segment, the international markets remain solid. In the United States, we have a competitive advantage against foreign products; however, the housing and construction markets remain weak, which will limit improvement in sales volumes and margins. Chemical earnings for the first quarter are expected to be in the range of \$30 million to \$50 million.



- We expect our combined worldwide tax rate in the first quarter of 2010 to be in the range of 42 to 43 percent depending on the split between domestic and foreign sourced income. Our fourth quarter U.S. and foreign tax rates are included in the “Investor Relations Supplemental Schedule.”

**For all of 2010:**

- We expect capital spending for the total year to be about \$4.3 billion. Our capital program will continue to focus on ensuring that our returns remain well above our cost of capital. The additional capital from 2009's \$3.6 billion level will be allocated to the Oil and Gas segment. Of this increase, about a quarter each will go to California and Iraq, about 15 percent to Bahrain and 10 percent to Midcontinent Gas. As a result, the capital allocation will be approximately 82 percent in Oil and Gas with the remainder being spent in Midstream and Chemical.
- Our Oil and Gas DD&A expense for 2010 should be approximately \$10.75 per BOE. Depreciation for the other two segments should be approximately \$450 million.
- **California Exploration** – Excluding the Kern County discovery, over the course of a couple of years, we have drilled 39 exploration wells seeking non-traditional hydrocarbon bearing zones in California. Of these wells, 12 are commercial and 10 are currently being evaluated. Occidental holds approximately 1.3 million acres of net fee minerals and leasehold in California, which have been acquired in the last few years to exploit these opportunities.
- At the Kern County discovery we are producing approximately 145 million cubic feet of gas and 7,500 barrels of liquids per day from 15 wells. This is 5,700 BOE per day higher production than the 26,000

BOE we disclosed last quarter. Cumulative gross production since the start of production through the end of December 2009 has been 19.4 billion cubic feet of gas and 1.5 million barrels of liquids. We expect to drill 8 wells in the first half of the year focusing on oil drilling and exploring the limits of the field. We also expect to add skid mounted gas processing facilities by the second quarter. We expect to add to our gas production once these facilities are installed.

- Copies of the press release announcing our fourth quarter earnings and the Investor Relations Supplemental Schedules are available on our website at [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**  
**Free Cash Flow**  
**Reconciliation to Generally Accepted Accounting Principles (GAAP)**  
**(\$ Millions)**

|                                      | <u>Qtr 4</u> | <u>2009</u>  |
|--------------------------------------|--------------|--------------|
| Consolidated Statement of Cash Flows |              |              |
| Cash flow from operating activities  | 1,970        | 5,813        |
| Cash flow from investing activities  | (2,079)      | (5,327)      |
| Cash flow from financing activities  | (269)        | (1,033)      |
| Change in cash                       | <u>(378)</u> | <u>(547)</u> |
| <b>Free Cash Flow</b>                |              |              |
| Cash flow from operating activities  | 1,970        |              |
| Capital spending                     | (932)        |              |
| Cash dividends paid                  | (269)        |              |
| Equity method investment dividends   | 81           |              |
| Free cash flow                       | <u>850</u>   |              |



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

|   | <u>4Q 2009</u>  | <u>4Q 2008</u>  |
|---|-----------------|-----------------|
| Reported Net Income                             | \$938           | \$443           |
| EPS - Diluted                                   | \$1.15          | \$0.55          |
| Core Results                                    | \$1,058         | \$957           |
| EPS - Diluted                                   | \$1.30          | \$1.18          |
| Total Worldwide Sales Volumes (mboe/day)        | 650             | 620             |
| Total Worldwide Crude Oil Realizations (\$/BBL) | \$69.39         | \$53.52         |
| Domestic Natural Gas Realizations (\$/MCF)      | \$4.37          | \$4.67          |
| Wtd. Average Basic Shares O/S (mm)              | 811.8           | 810.3           |
| Wtd. Average Diluted Shares O/S (mm)            | 813.5           | 811.5           |
|   | <u>YTD 2009</u> | <u>YTD 2008</u> |
| Reported Net Income                             | \$2,915         | \$6,857         |
| EPS - Diluted                                   | \$3.58          | \$8.34          |
| Core Results                                    | \$3,083         | \$7,348         |
| EPS - Diluted                                   | \$3.78          | \$8.94          |
| Total Worldwide Sales Volumes (mboe/day)        | 645             | 601             |
| Total Worldwide Crude Oil Realizations (\$/BBL) | \$55.97         | \$88.26         |
| Domestic Natural Gas Realizations (\$/MCF)      | \$3.46          | \$8.03          |
| Wtd. Average Basic Shares O/S (mm)              | 811.3           | 817.6           |
| Wtd. Average Diluted Shares O/S (mm)            | 813.8           | 820.5           |
| Shares Outstanding (mm)                         | 811.9           | 810.2           |
| Cash Flow from Operations                       | \$ 5,800        | \$ 10,700       |



**OCCIDENTAL PETROLEUM**  
**2009 Fourth Quarter**  
**Net Income (Loss)**  
**(\$ millions)**

|  | <b>Reported<br/>Income</b> | <b>Significant Items Affecting Income</b> | <b>Core<br/>Results</b> |
|--|----------------------------|---|-------------------------|
| Oil & Gas                                | \$ 1,643                   | \$ 170    Asset impairments               | \$ 1,813                |
| Chemical                                 | 33                         |   | 33                      |
| Midstream, marketing and other           | 81                         |   | 81                      |
| Corporate                                |                            |   |                         |
| Interest expense, net                    | (33)                       |   | (33)                    |
| Other                                    | (108)                      |   | (108)                   |
| Taxes                                    | (673)                      | (55)    Tax effect of adjustments         | (728)                   |
| <b>Income from continuing operations</b> | <b>943</b>                 | <b>115</b>                                | <b>1,058</b>            |
| Discontinued operations, net of tax      | (5)                        | 5    Discontinued operations, net         | -                       |
| <b>Net Income</b>                        | <b>\$ 938</b>              | <b>\$ 120</b>                             | <b>\$ 1,058</b>         |
| <br>                                     |                            |   |                         |
| <b>Basic Earnings Per Common Share</b>   |                            |   |                         |
| Income from continuing operations        | \$ 1.16                    |   |                         |
| Discontinued operations, net             | (0.01)                     |   |                         |
| Net Income                               | <u>\$ 1.15</u>             |   | <u>\$ 1.30</u>          |
| <br>                                     |                            |   |                         |
| <b>Diluted Earnings Per Common Share</b> |                            |   |                         |
| Income from continuing operations        | \$ 1.16                    |   |                         |
| Discontinued operations, net             | (0.01)                     |   |                         |
| Net Income                               | <u>\$ 1.15</u>             |   | <u>\$ 1.30</u>          |



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

|  | <b>Reported<br/>Income</b> | <b>Significant Items Affecting Income</b> |                              | <b>Core<br/>Results</b> |
|--|----------------------------|---|------------------------------|-------------------------|
| Oil & Gas                                | \$ 339                     | \$ 599                                    | Asset impairments            | \$ 996                  |
|  |                            | 58  | Rig contract terminations    |                         |
| Chemical                                 | 127                        | 90  | Plant closure                | 217                     |
| Midstream, marketing and other           | 170                        |   |                              | 170                     |
| Corporate                                |                            |   |                              |                         |
| Interest expense, net                    | (16)                       |   |                              | (16)                    |
| Other                                    | (54)                       |   |                              | (54)                    |
| Taxes                                    | (118)                      | (238)                                     | Tax effect of adjustments    | (356)                   |
| <b>Income from continuing operations</b> | <b>448</b>                 | <b>509</b>                                |                              | <b>957</b>              |
| Discontinued operations, net of tax      | (5)                        | 5   | Discontinued operations, net | -                       |
| <b>Net Income</b>                        | <b>443</b>                 | <b>514</b>                                |                              | <b>957</b>              |
| <br>                                     |                            |   |                              |                         |
| <b>Basic Earnings Per Common Share</b>   |                            |   |                              |                         |
| Income from continuing operations        | \$ 0.55                    |   |                              |                         |
| Discontinued operations, net             | -                          |   |                              |                         |
| Net Income                               | <u>\$ 0.55</u>             |   |                              | <u>\$ 1.18</u>          |
| <b>Diluted Earnings Per Common Share</b> |                            |   |                              |                         |
| Income from continuing operations        | \$ 0.55                    |   |                              |                         |
| Discontinued operations, net             | -                          |   |                              |                         |
| Net Income                               | <u>\$ 0.55</u>             |   |                              | <u>\$ 1.18</u>          |



**OCCIDENTAL PETROLEUM**  
**2009 Twelve Months**  
**Net Income (Loss)**  
**(\$ millions)**

|  | <b>Reported<br/>Income</b> | <b>Significant Items Affecting Income</b> |                              | <b>Core<br/>Results</b> |
|--|----------------------------|---|------------------------------|-------------------------|
| Oil & Gas                                | \$ 4,735                   | \$ 8                                      | Rig terminations             | \$ 4,913                |
|  |                            | 170                                       | Asset impairments            |                         |
| Chemical                                 | 389                        |   |                              | 389                     |
| Midstream, marketing and other           | 235                        |   |                              | 235                     |
| Corporate                                |                            |   |                              |                         |
| Interest expense, net                    | (109)                      |   |                              | (109)                   |
| Other                                    | (405)                      | 40  | Severance                    | (350)                   |
|  |                            | 15  | Railcar leases               |                         |
| Taxes                                    | (1,918)                    | (77)                                      | Tax effect of adjustments    | (1,995)                 |
| <b>Income from continuing operations</b> | <u>2,927</u>               | <u>156</u>                                |                              | <u>3,083</u>            |
| Discontinued operations, net of tax      | (12)                       | 12  | Discontinued operations, net | -                       |
| <b>Net Income</b>                        | <u>\$ 2,915</u>            | <u>\$ 168</u>                             |                              | <u>\$ 3,083</u>         |
| <br>                                     |                            |   |                              |                         |
| <b>Basic Earnings Per Common Share</b>   |                            |   |                              |                         |
| Income from continuing operations        | \$ 3.60                    |   |                              |                         |
| Discontinued operations, net             | (0.01)                     |   |                              |                         |
| Net Income                               | <u>\$ 3.59</u>             |   |                              | <u>\$ 3.80</u>          |
| <br>                                     |                            |   |                              |                         |
| <b>Diluted Earnings Per Common Share</b> |                            |   |                              |                         |
| Income from continuing operations        | \$ 3.59                    |   |                              |                         |
| Discontinued operations, net             | (0.01)                     |   |                              |                         |
| Net Income                               | <u>\$ 3.58</u>             |   |                              | <u>\$ 3.78</u>          |



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

|  | <b>Reported<br/>Income</b> | <b>Significant Items Affecting Income</b> |                              | <b>Core<br/>Results</b> |
|--|----------------------------|---|------------------------------|-------------------------|
| Oil & Gas                                | \$ 10,651                  | \$ 58                                     | Rig contract terminations    | \$ 11,308               |
|  |                            | 599                                       | Asset impairments            |                         |
| Chemical                                 | 669                        | 90  | Plant closure                | 759                     |
| Midstream, marketing and other           | 520                        |   |                              | 520                     |
| Corporate                                |                            |   |                              |                         |
| Interest expense, net                    | (26)                       |   |                              | (26)                    |
| Other                                    | (346)                      |   |                              | (346)                   |
| Taxes                                    | (4,629)                    | (238)                                     | Tax effect of adjustments    | (4,867)                 |
| <b>Income from continuing operations</b> | <b>6,839</b>               | <b>509</b>                                |                              | <b>7,348</b>            |
| Discontinued operations, net of tax      | 18                         | (18)                                      | Discontinued operations, net | -                       |
| <b>Net Income</b>                        | <b>\$ 6,857</b>            | <b>\$ 491</b>                             |                              | <b>\$ 7,348</b>         |
| <br>                                     |                            |   |                              |                         |
| <b>Basic Earnings Per Common Share</b>   |                            |   |                              |                         |
| Income from continuing operations        | \$ 8.35                    |   |                              |                         |
| Discontinued operations, net             | 0.02                       |   |                              |                         |
| Net Income                               | <u>\$ 8.37</u>             |   |                              | <u>\$ 8.97</u>          |
| <b>Diluted Earnings Per Common Share</b> |                            |   |                              |                         |
| Income from continuing operations        | \$ 8.32                    |   |                              |                         |
| Discontinued operations, net             | 0.02                       |   |                              |                         |
| Net Income                               | <u>\$ 8.34</u>             |   |                              | <u>\$ 8.94</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.

| Pre-tax<br>Income / (Expense)       | Fourth Quarter |      | Twelve Months |      |
|-------------------------------------|----------------|------|---------------|------|
|                                     | 2009           | 2008 | 2009          | 2008 |
| Foreign Exchange Gains & (Losses) * | 8              | 88   | 36            | 91   |

\*Amounts shown after-tax



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

|                                     | QUARTERLY             |                       |                       | YEAR-TO-DATE              |                           |
|-------------------------------------|-----------------------|-----------------------|-----------------------|---------------------------|---------------------------|
|                                     | 2009<br>QTR 4         | 2009<br>QTR 3         | 2008<br>QTR 4         | 2009<br>12 Months         | 2008<br>12 Months         |
| <b>REPORTED INCOME</b>              |                       |                       |                       |                           |                           |
| Oil & Gas (a)                       | 1,643                 | 1,464                 | 339                   | 4,735                     | 10,651                    |
| Chemicals                           | 33                    | 72                    | 127                   | 389                       | 669                       |
| Midstream, marketing and other      | 81                    | 77                    | 170                   | 235                       | 520                       |
| Corporate & other                   | (141)                 | (135)                 | (70)                  | (514)                     | (372)                     |
| Pre-tax income                      | 1,616                 | 1,478                 | 566                   | 4,845                     | 11,468                    |
| Income tax expense                  |                       |                       |                       |                           |                           |
| Federal and state                   | 338                   | 189                   | 65                    | 686                       | 2,188                     |
| Foreign (a)                         | 335                   | 360                   | 53                    | 1,232                     | 2,441                     |
| Total                               | 673                   | 549                   | 118                   | 1,918                     | 4,629                     |
| Income from continuing operations   | 943                   | 929                   | 448                   | 2,927                     | 6,839                     |
| <b>Worldwide effective tax rate</b> | <b>42%</b>            | <b>37%</b>            | <b>21%</b>            | <b>40%</b>                | <b>40%</b>                |
|                                     |                       |                       |                       |                           |                           |
|                                     | <b>2009<br/>QTR 4</b> | <b>2009<br/>QTR 3</b> | <b>2008<br/>QTR 4</b> | <b>2009<br/>12 Months</b> | <b>2008<br/>12 Months</b> |
| <b>CORE RESULTS</b>                 |                       |                       |                       |                           |                           |
| Oil & Gas (a)                       | 1,813                 | 1,464                 | 996                   | 4,913                     | 11,308                    |
| Chemicals                           | 33                    | 72                    | 217                   | 389                       | 759                       |
| Midstream, marketing and other      | 81                    | 77                    | 170                   | 235                       | 520                       |
| Corporate & other                   | (141)                 | (135)                 | (70)                  | (459)                     | (372)                     |
| Pre-tax income                      | 1,786                 | 1,478                 | 1,313                 | 5,078                     | 12,215                    |
| Income tax expense                  |                       |                       |                       |                           |                           |
| Federal and state                   | 338                   | 189                   | 303                   | 708                       | 2,426                     |
| Foreign (a)                         | 390                   | 360                   | 53                    | 1,287                     | 2,441                     |
| Total                               | 728                   | 549                   | 356                   | 1,995                     | 4,867                     |
| Core results                        | 1,058                 | 929                   | 957                   | 3,083                     | 7,348                     |
| <b>Worldwide effective tax rate</b> | <b>41%</b>            | <b>37%</b>            | <b>27%</b>            | <b>39%</b>                | <b>40%</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.

|  | 2009<br>QTR 4 | 2009<br>QTR 3 | 2008<br>QTR 4 | 2009<br>12 Months | 2008<br>12 Months |
|--|---------------|---------------|---------------|-------------------|-------------------|
|  | 400           | 338           | 250           | 1,227             | 2,051             |

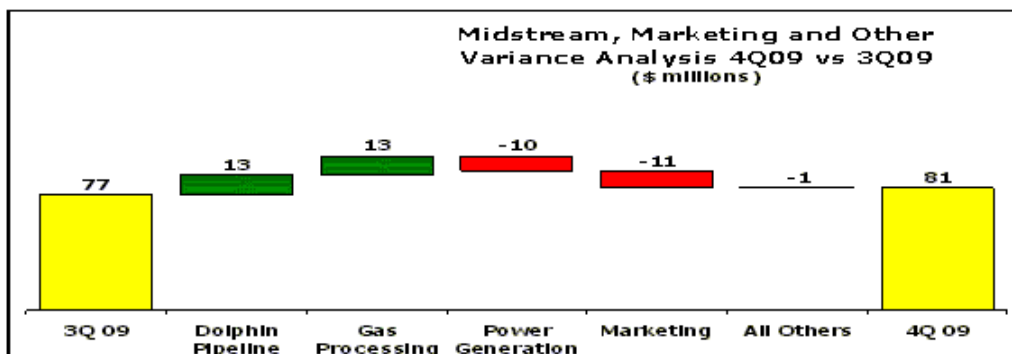
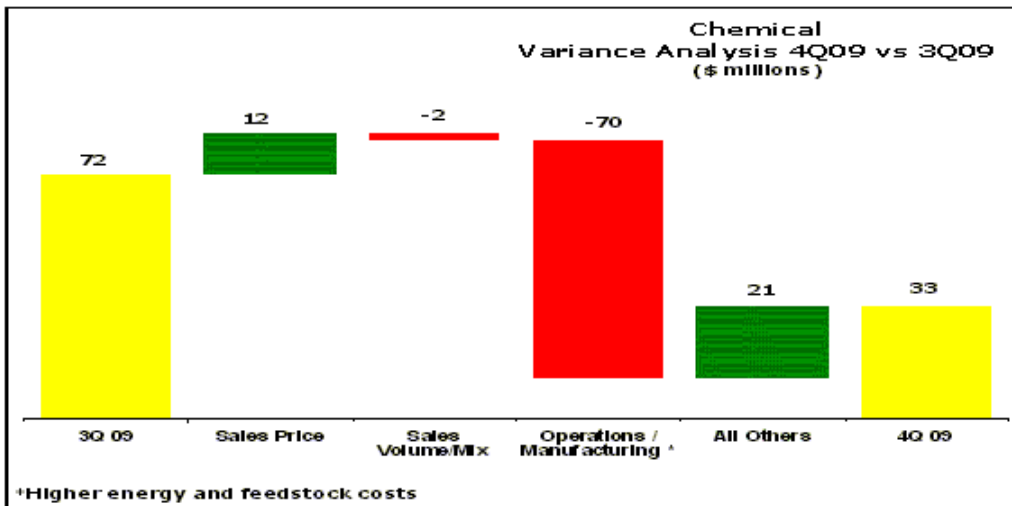
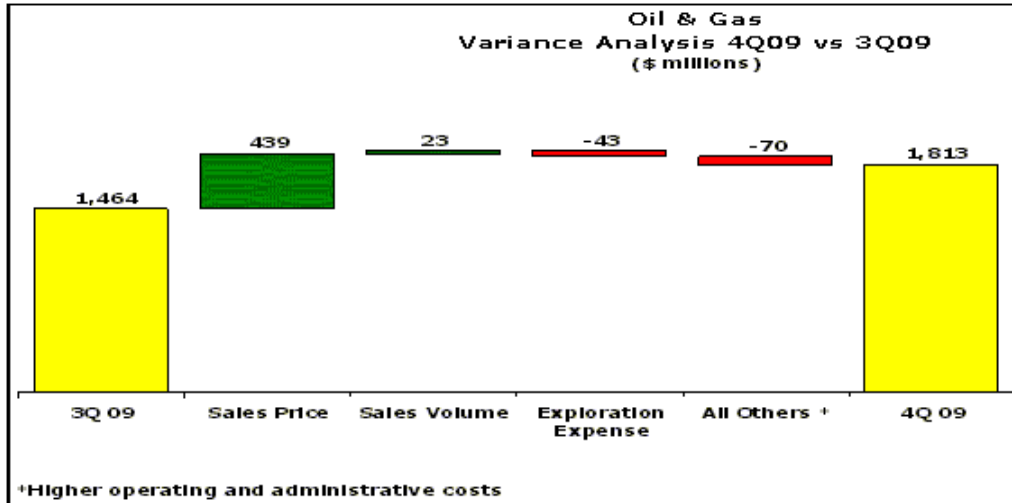


**OCCIDENTAL PETROLEUM**  
**2009 Fourth Quarter Net Income (Loss)**  
**Reported Income Comparison**

|                                   | Fourth<br>Quarter<br>2009 | Third<br>Quarter<br>2009 | B / (W)        |
|-----------------------------------|---------------------------|--------------------------|----------------|
| Oil & Gas                         | \$ 1,643                  | \$ 1,464                 | \$ 179         |
| Chemical                          | 33                        | 72                       | (39)           |
| Midstream, marketing and other    | 81                        | 77                       | 4              |
| Corporate                         |                           |                          |                |
| Interest expense, net             | (33)                      | (33)                     | -              |
| Other                             | (108)                     | (102)                    | (6)            |
| Taxes                             | (673)                     | (549)                    | (124)          |
| Income from continuing operations | 943                       | 929                      | 14             |
| Discontinued operations, net      | (5)                       | (2)                      | (3)            |
| Net Income                        | <u>\$ 938</u>             | <u>\$ 927</u>            | <u>\$ 11</u>   |
| <b>Earnings Per Common Share</b>  |                           |                          |                |
| Basic                             | \$ 1.15                   | \$ 1.14                  | \$ 0.01        |
| Diluted                           | \$ 1.15                   | \$ 1.14                  | \$ 0.01        |
| <br>Worldwide Effective Tax Rate  | <br><u>42%</u>            | <br><u>37%</u>           | <br><u>-5%</u> |

**OCCIDENTAL PETROLEUM**  
**2009 Fourth Quarter Net Income (Loss)**  
**Core Results Comparison**

|                                      | Fourth<br>Quarter<br>2009 | Third<br>Quarter<br>2009 | B / (W)        |
|--------------------------------------|---------------------------|--------------------------|----------------|
| Oil & Gas                            | \$ 1,813                  | \$ 1,464                 | \$ 349         |
| Chemical                             | 33                        | 72                       | (39)           |
| Midstream, marketing and other       | 81                        | 77                       | 4              |
| Corporate                            |                           |                          |                |
| Interest expense, net                | (33)                      | (33)                     | -              |
| Other                                | (108)                     | (102)                    | (6)            |
| Taxes                                | (728)                     | (549)                    | (179)          |
| Core Results                         | <u>\$ 1,058</u>           | <u>\$ 929</u>            | <u>\$ 129</u>  |
| <b>Core Results Per Common Share</b> |                           |                          |                |
| Basic                                | \$ 1.30                   | \$ 1.14                  | \$ 0.16        |
| Diluted                              | \$ 1.30                   | \$ 1.14                  | \$ 0.16        |
| <br>Worldwide Effective Tax Rate     | <br><u>41%</u>            | <br><u>37%</u>           | <br><u>-4%</u> |



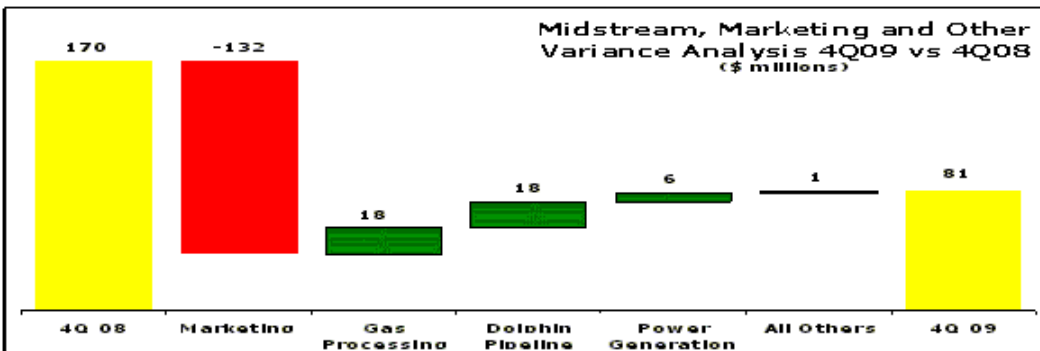
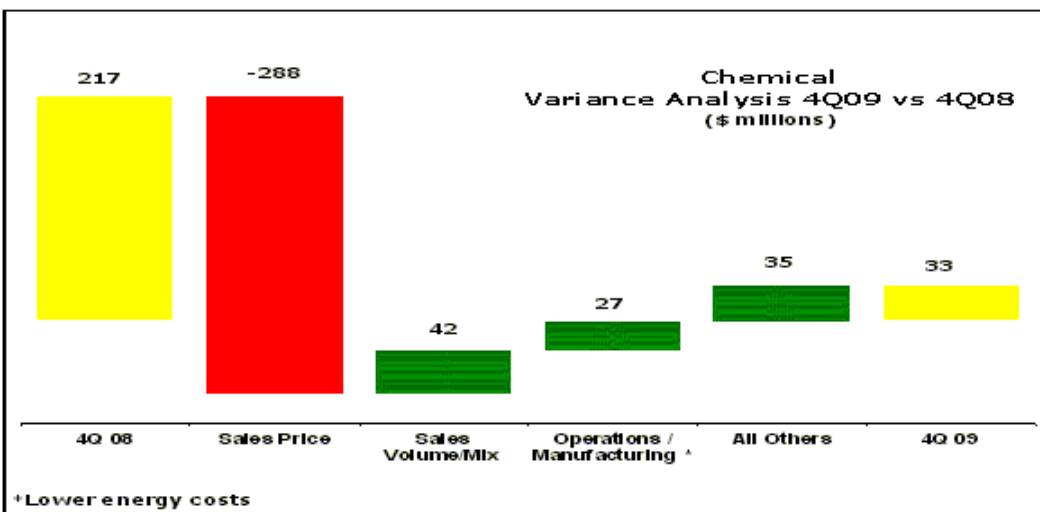
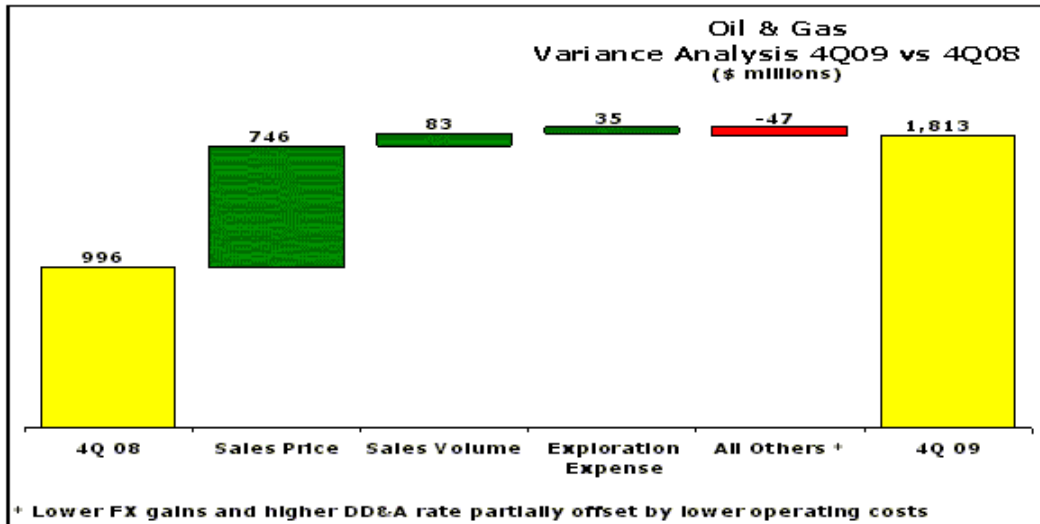


**OCCIDENTAL PETROLEUM**  
**2009 Fourth Quarter Net Income (Loss)**  
**Reported Income Comparison**

|                                     | Fourth<br>Quarter<br>2009 | Fourth<br>Quarter<br>2008 | B / (W)       |
|-------------------------------------|---------------------------|---------------------------|---------------|
| Oil & Gas                           | \$ 1,643                  | \$ 339                    | \$ 1,304      |
| Chemical                            | 33                        | 127                       | (94)          |
| Midstream, marketing and other      | 81                        | 170                       | (89)          |
| Corporate                           |                           |                           |               |
| Interest expense, net               | (33)                      | (16)                      | (17)          |
| Other                               | (108)                     | (54)                      | (54)          |
| Taxes                               | (673)                     | (118)                     | (555)         |
| Income from continuing operations   | 943                       | 448                       | 495           |
| Discontinued operations, net        | (5)                       | (5)                       | -             |
| Net Income                          | <u>\$ 938</u>             | <u>\$ 443</u>             | <u>\$ 495</u> |
| <b>Earnings Per Common Share</b>    |                           |                           |               |
| Basic                               | \$ 1.15                   | \$ 0.55                   | \$ 0.60       |
| Diluted                             | \$ 1.15                   | \$ 0.55                   | \$ 0.60       |
| <b>Worldwide Effective Tax Rate</b> | <u>42%</u>                | <u>21%</u>                | <u>-20%</u>   |

**OCCIDENTAL PETROLEUM**  
**2009 Fourth Quarter Net Income (Loss)**  
**Core Results Comparison**

|                                      | Fourth<br>Quarter<br>2009 | Fourth<br>Quarter<br>2008 | B / (W)       |
|--------------------------------------|---------------------------|---------------------------|---------------|
| Oil & Gas                            | \$ 1,813                  | \$ 996                    | \$ 817        |
| Chemical                             | 33                        | 217                       | (184)         |
| Midstream, marketing and other       | 81                        | 170                       | (89)          |
| Corporate                            |                           |                           |               |
| Interest expense, net                | (33)                      | (16)                      | (17)          |
| Other                                | (108)                     | (54)                      | (54)          |
| Taxes                                | (728)                     | (356)                     | (372)         |
| Core Results                         | <u>\$ 1,058</u>           | <u>\$ 957</u>             | <u>\$ 101</u> |
| <b>Core Results Per Common Share</b> |                           |                           |               |
| Basic                                | \$ 1.30                   | \$ 1.18                   | \$ 0.12       |
| Diluted                              | \$ 1.30                   | \$ 1.18                   | \$ 0.12       |
| <b>Worldwide Effective Tax Rate</b>  | <u>41%</u>                | <u>27%</u>                | <u>-14%</u>   |





**OCCIDENTAL PETROLEUM  
SUMMARY OF OPERATING STATISTICS**

|   | Fourth Quarter |            | Twelve Months |            |
|---|----------------|------------|---------------|------------|
|   | 2009           | 2008       | 2009          | 2008       |
| <b>NET SALES VOLUMES PER DAY:</b>       |                |            |               |            |
| <b>United States</b>                    |                |            |               |            |
| <b>Crude Oil and Liquids (MBBL)</b>     |                |            |               |            |
| California                              | 92             | 97         | 93            | 89         |
| Permian                                 | 168            | 167        | 168           | 168        |
| Midcontinent Gas                        | 11             | 9          | 10            | 6          |
| <b>Total</b>                            | <b>271</b>     | <b>273</b> | <b>271</b>    | <b>263</b> |
| <b>Natural Gas (MMCF)</b>               |                |            |               |            |
| California                              | 282            | 221        | 250           | 235        |
| Permian                                 | 197            | 188        | 199           | 181        |
| Midcontinent Gas                        | 166            | 187        | 186           | 171        |
| <b>Total</b>                            | <b>645</b>     | <b>596</b> | <b>635</b>    | <b>587</b> |
| <b>Latin America</b>                    |                |            |               |            |
| <b>Crude Oil (MBBL)</b>                 |                |            |               |            |
| Argentina                               | 37             | 32         | 37            | 32         |
| Colombia                                | 36             | 39         | 39            | 37         |
| <b>Total</b>                            | <b>73</b>      | <b>71</b>  | <b>76</b>     | <b>69</b>  |
| <b>Natural Gas (MMCF)</b>               |                |            |               |            |
| Argentina                               | 30             | 24         | 30            | 21         |
| Bolivia                                 | 12             | 21         | 16            | 21         |
| <b>Total</b>                            | <b>42</b>      | <b>45</b>  | <b>46</b>     | <b>42</b>  |
| <b>Middle East / North Africa</b>       |                |            |               |            |
| <b>Crude Oil and Liquids (MBBL)</b>     |                |            |               |            |
| Oman                                    | 43             | 27         | 39            | 23         |
| Dolphin                                 | 20             | 23         | 21            | 21         |
| Qatar                                   | 48             | 48         | 48            | 47         |
| Yemen                                   | 28             | 22         | 29            | 23         |
| Libya                                   | 9              | 10         | 7             | 15         |
| Bahrain                                 | 1              | -          | -             | -          |
| <b>Total</b>                            | <b>149</b>     | <b>130</b> | <b>144</b>    | <b>129</b> |
| <b>Natural Gas (MMCF)</b>               |                |            |               |            |
| Oman                                    | 19             | 23         | 22            | 24         |
| Dolphin                                 | 198            | 209        | 213           | 184        |
| Bahrain                                 | 40             | -          | 10            | -          |
| <b>Total</b>                            | <b>257</b>     | <b>232</b> | <b>245</b>    | <b>208</b> |
| <b>Barrels of Oil Equivalent (MBOE)</b> | <b>650</b>     | <b>620</b> | <b>645</b>    | <b>601</b> |



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

|   | <b>Fourth Quarter</b> |             | <b>Twelve Months</b> |             |
|---|-----------------------|-------------|----------------------|-------------|
|   | <b>2009</b>           | <b>2008</b> | <b>2009</b>          | <b>2008</b> |
| <b>NET PRODUCTION PER DAY:</b>          |                       |             |                      |             |
| <b>United States</b>                    |                       |             |                      |             |
| <b>Crude Oil and Liquids (MBBL)</b>     | 271                   | 273         | 271                  | 263         |
| <b>Natural Gas (MMCF)</b>               | 645                   | 596         | 635                  | 587         |
| <b>Latin America</b>                    |                       |             |                      |             |
| <b>Crude Oil (MBBL)</b>                 |                       |             |                      |             |
| Argentina                               | 36                    | 38          | 36                   | 34          |
| Colombia                                | 36                    | 39          | 39                   | 38          |
| <b>Total</b>                            | <u>72</u>             | <u>77</u>   | <u>75</u>            | <u>72</u>   |
| <b>Natural Gas (MMCF)</b>               | 42                    | 45          | 46                   | 42          |
| <b>Middle East / North Africa</b>       |                       |             |                      |             |
| <b>Crude Oil and Liquids (MBBL)</b>     |                       |             |                      |             |
| Oman                                    | 45                    | 28          | 39                   | 23          |
| Dolphin                                 | 20                    | 22          | 22                   | 20          |
| Qatar                                   | 46                    | 48          | 48                   | 47          |
| Yemen                                   | 27                    | 22          | 28                   | 23          |
| Libya                                   | 5                     | 8           | 6                    | 15          |
| Bahrain                                 | 1                     | -           | -                    | -           |
| <b>Total</b>                            | <u>144</u>            | <u>128</u>  | <u>143</u>           | <u>128</u>  |
| <b>Natural Gas (MMCF)</b>               | 257                   | 232         | 245                  | 208         |
| <b>Barrels of Oil Equivalent (MBOE)</b> | <u>644</u>            | <u>623</u>  | <u>643</u>           | <u>603</u>  |





**OCCIDENTAL PETROLEUM  
SUMMARY OF OPERATING STATISTICS**

|                                   | <b>Fourth Quarter</b> |               | <b>Twelve Months</b> |               |
|-----------------------------------|-----------------------|---------------|----------------------|---------------|
|                                   | <b>2009</b>           | <b>2008</b>   | <b>2009</b>          | <b>2008</b>   |
| <b>OIL &amp; GAS:</b>             |                       |               |                      |               |
| <b>PRICES</b>                     |                       |               |                      |               |
| <b>United States</b>              |                       |               |                      |               |
| Crude Oil (\$/BBL)                | 70.90                 | 52.64         | 56.74                | 91.16         |
| Natural gas (\$/MCF)              | 4.37                  | 4.67          | 3.46                 | 8.03          |
| <b>Latin America</b>              |                       |               |                      |               |
| Crude Oil (\$/BBL)                | 58.65                 | 47.48         | 49.43                | 70.53         |
| Natural Gas (\$/MCF)              | 2.93                  | 4.99          | 3.01                 | 4.43          |
| <b>Middle East / North Africa</b> |                       |               |                      |               |
| Crude Oil (\$/BBL)                | 73.11                 | 59.09         | 58.75                | 94.70         |
| <b>Total Worldwide</b>            |                       |               |                      |               |
| Crude Oil (\$/BBL)                | 69.39                 | 53.52         | 55.97                | 88.26         |
| Natural Gas (\$/MCF)              | 3.37                  | 3.72          | 2.79                 | 6.10          |
| <br>                              |                       |               |                      |               |
|                                   | <b>Fourth Quarter</b> |               | <b>Twelve Months</b> |               |
|                                   | <b>2009</b>           | <b>2008</b>   | <b>2009</b>          | <b>2008</b>   |
| <b>Exploration Expense</b>        |                       |               |                      |               |
| United States                     | \$ 53                 | \$ 53         | \$ 160               | \$ 95         |
| Latin America                     | 13                    | 18            | 27                   | 53            |
| Middle East / North Africa        | 33                    | 142           | 80                   | 259           |
| Other Eastern Hemisphere          | -                     | 2             | -                    | 1             |
|                                   | <b>\$ 99</b>          | <b>\$ 215</b> | <b>\$ 267</b>        | <b>\$ 408</b> |
| Less - non-core impairments       | -                     | (81)          | -                    | (81)          |
|                                   | <b>\$ 99</b>          | <b>\$ 134</b> | <b>\$ 267</b>        | <b>\$ 327</b> |



**OCcidental PETROLEUM**  
**SUMMARY OF OPERATING STATISTICS**

|                                    | <b>Fourth Quarter</b> |                 | <b>Twelve Months</b> |                 |
|------------------------------------|-----------------------|-----------------|----------------------|-----------------|
|                                    | <b>2009</b>           | <b>2008</b>     | <b>2009</b>          | <b>2008</b>     |
| <b>Capital Expenditures (\$MM)</b> |                       |                 |                      |                 |
| Oil & Gas                          |                       |                 |                      |                 |
| California                         | \$ 152                | \$ 244          | \$ 554               | \$ 802          |
| Permian                            | 85                    | 207             | 413                  | 485             |
| Midcontinent Gas                   | 41                    | 149             | 118                  | 389             |
| Latin America                      | 125                   | 301             | 526                  | 848             |
| Middle East / North Africa         | 253                   | 323             | 1,021                | 1,058           |
| Exploration                        | 57                    | 107             | 152                  | 263             |
| Chemicals                          | 91                    | 86              | 205                  | 240             |
| Midstream, marketing and other     | 124                   | 160             | 554                  | 492             |
| Corporate                          | 4                     | 17              | 38                   | 87              |
| <b>TOTAL</b>                       | <b>\$ 932</b>         | <b>\$ 1,594</b> | <b>\$ 3,581</b>      | <b>\$ 4,664</b> |

|  | <b>Fourth Quarter</b> |               | <b>Twelve Months</b> |                 |
|--|-----------------------|---------------|----------------------|-----------------|
|  | <b>2009</b>           | <b>2008</b>   | <b>2009</b>          | <b>2008</b>     |
| <b>Depreciation, Depletion &amp; Amortization of Assets (\$MM)</b> |                       |               |                      |                 |
| Oil & Gas  |                       |               |                      |                 |
| Domestic   | \$ 305                | \$ 334        | \$ 1,237             | \$ 1,094        |
| Latin America  | 165                   | 140           | 628                  | 453             |
| Middle East / North Africa   | 237                   | 181           | 823                  | 760             |
| Chemicals  | 76                    | 72            | 298                  | 311             |
| Midstream, marketing and other                                     | 31                    | 21            | 110                  | 73              |
| Corporate  | 6                     | 5             | 21                   | 19              |
| <b>TOTAL</b>   | <b>\$ 820</b>         | <b>\$ 753</b> | <b>\$ 3,117</b>      | <b>\$ 2,710</b> |



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

|   | <b>31-Dec-09</b> | <b>31-Dec-08</b> |
|---|------------------|------------------|
| <b>CAPITALIZATION</b>                         |                  |                  |
| Long-Term Debt (including current maturities) | \$ 2,796         | \$ 2,740         |
| Notes Payable                                 | -                | 7                |
| Others  | 25               | 25               |
| <b>Total Debt</b>                             | <b>\$ 2,821</b>  | <b>\$ 2,772</b>  |
| <b>EQUITY</b>                                 | <b>\$ 29,159</b> | <b>\$ 27,325</b> |
| Total Debt To Total Capitalization            | <b>9%</b>        | <b>9%</b>        |



**OCCIDENTAL PETROLEUM  
SUMMARY OF OPERATING STATISTICS**

|   | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>SALES VOLUMES PER DAY:</b>           |             |             |             |             |             |
| <b>United States</b>                    |             |             |             |             |             |
| <b>Crude Oil and Liquids (MBBL)</b>     |             |             |             |             |             |
| California                              | 76          | 86          | 89          | 89          | 93          |
| Permian                                 | 158         | 161         | 163         | 164         | 164         |
| Midcontinent Gas                        | 6           | 9           | 8           | 10          | 14          |
| <b>Total</b>                            | <b>240</b>  | <b>256</b>  | <b>260</b>  | <b>263</b>  | <b>271</b>  |
| <b>Natural Gas (MMCF)</b>               |             |             |             |             |             |
| California                              | 242         | 256         | 254         | 235         | 250         |
| Permian                                 | 111         | 117         | 112         | 116         | 125         |
| Midcontinent Gas                        | 192         | 215         | 227         | 236         | 260         |
| <b>Total</b>                            | <b>545</b>  | <b>588</b>  | <b>593</b>  | <b>587</b>  | <b>635</b>  |
| <b>Latin America</b>                    |             |             |             |             |             |
| <b>Crude Oil (MBBL)</b>                 |             |             |             |             |             |
| Argentina                               | -           | 33          | 32          | 32          | 37          |
| Colombia                                | 32          | 33          | 37          | 37          | 39          |
| <b>Total</b>                            | <b>32</b>   | <b>66</b>   | <b>69</b>   | <b>69</b>   | <b>76</b>   |
| <b>Natural Gas (MMCF)</b>               |             |             |             |             |             |
| Argentina                               | -           | 17          | 22          | 21          | 30          |
| Bolivia                                 | -           | 17          | 18          | 21          | 16          |
| <b>Total</b>                            | <b>-</b>    | <b>34</b>   | <b>40</b>   | <b>42</b>   | <b>46</b>   |
| <b>Middle East / North Africa</b>       |             |             |             |             |             |
| <b>Crude Oil and Liquids (MBBL)</b>     |             |             |             |             |             |
| Oman                                    | 27          | 28          | 31          | 34          | 50          |
| Dolphin                                 | -           | -           | 5           | 26          | 25          |
| Qatar                                   | 71          | 73          | 81          | 80          | 79          |
| Yemen                                   | 39          | 40          | 37          | 32          | 35          |
| Libya                                   | 8           | 23          | 22          | 19          | 12          |
| Bahrain                                 | -           | -           | -           | -           | -           |
| <b>Total</b>                            | <b>145</b>  | <b>164</b>  | <b>176</b>  | <b>191</b>  | <b>201</b>  |
| <b>Natural Gas (MMCF)</b>               |             |             |             |             |             |
| Oman                                    | 70          | 67          | 67          | 53          | 49          |
| Dolphin                                 | -           | -           | 67          | 231         | 257         |
| Bahrain                                 | -           | -           | -           | -           | 10          |
| <b>Total</b>                            | <b>70</b>   | <b>67</b>   | <b>134</b>  | <b>284</b>  | <b>316</b>  |
| <b>Barrels of Oil Equivalent (MBOE)</b> | <b>519</b>  | <b>601</b>  | <b>633</b>  | <b>675</b>  | <b>714</b>  |

\*This schedule reflects what production volumes would have been for the past 5 years if all production had been represented on a pre-tax basis and Permian gas properties as part of Midcontinent Gas



**OCCIDENTAL PETROLEUM  
SUMMARY OF OPERATING STATISTICS**

|   | <u>Qtr 1</u> | <u>Qtr 2</u> | <u>2009<br/>Qtr 3</u> | <u>Qtr 4</u> | <u>Total</u> |
|---|--------------|--------------|-----------------------|--------------|--------------|
| <b>SALES VOLUMES PER DAY:</b>           |              |              |                       |              |              |
| <b>United States</b>                    |              |              |                       |              |              |
| <b>Crude Oil and Liquids (MBBL)</b>     |              |              |                       |              |              |
| California                              | 97           | 90           | 92                    | 92           | 93           |
| Permian                                 | 166          | 163          | 162                   | 164          | 164          |
| Midcontinent Gas                        | 13           | 14           | 15                    | 15           | 14           |
| <b>Total</b>                            | <b>276</b>   | <b>267</b>   | <b>269</b>            | <b>271</b>   | <b>271</b>   |
| <b>Natural Gas (MMCF)</b>               |              |              |                       |              |              |
| California                              | 216          | 232          | 269                   | 282          | 250          |
| Permian                                 | 124          | 124          | 133                   | 122          | 125          |
| Midcontinent Gas                        | 280          | 265          | 251                   | 241          | 260          |
| <b>Total</b>                            | <b>620</b>   | <b>621</b>   | <b>653</b>            | <b>645</b>   | <b>635</b>   |
| <b>Latin America</b>                    |              |              |                       |              |              |
| <b>Crude Oil (MBBL)</b>                 |              |              |                       |              |              |
| Argentina                               | 45           | 37           | 30                    | 37           | 37           |
| Colombia                                | 41           | 42           | 39                    | 36           | 39           |
| <b>Total</b>                            | <b>86</b>    | <b>79</b>    | <b>69</b>             | <b>73</b>    | <b>76</b>    |
| <b>Natural Gas (MMCF)</b>               |              |              |                       |              |              |
| Argentina                               | 33           | 30           | 27                    | 30           | 30           |
| Bolivia                                 | 15           | 19           | 18                    | 12           | 16           |
| <b>Total</b>                            | <b>48</b>    | <b>49</b>    | <b>45</b>             | <b>42</b>    | <b>46</b>    |
| <b>Middle East/North Africa</b>         |              |              |                       |              |              |
| <b>Crude Oil and Liquids (MBBL)</b>     |              |              |                       |              |              |
| Oman                                    | 46           | 49           | 50                    | 54           | 50           |
| Dolphin                                 | 23           | 29           | 26                    | 26           | 25           |
| Qatar                                   | 75           | 82           | 77                    | 80           | 79           |
| Yemen                                   | 42           | 32           | 34                    | 32           | 35           |
| Libya                                   | 6            | 14           | 9                     | 15           | 12           |
| Bahrain                                 | -            | -            | -                     | 1            | -            |
| <b>Total</b>                            | <b>192</b>   | <b>206</b>   | <b>196</b>            | <b>208</b>   | <b>201</b>   |
| <b>Natural Gas (MMCF)</b>               |              |              |                       |              |              |
| Oman                                    | 53           | 50           | 48                    | 42           | 49           |
| Dolphin                                 | 233          | 282          | 258                   | 256          | 257          |
| Bahrain                                 | -            | -            | -                     | 40           | 10           |
| <b>Total</b>                            | <b>286</b>   | <b>332</b>   | <b>306</b>            | <b>338</b>   | <b>316</b>   |
| <b>Barrels of Oil Equivalent (MBOE)</b> | <b>713</b>   | <b>719</b>   | <b>702</b>            | <b>722</b>   | <b>714</b>   |

\*This schedule reflects what production volumes would have been for the 4 quarters of 2009 if all production had been represented on a pre-tax basis and Permian gas properties as part of Midcontinent Gas

# Fourth Quarter 2009 Earnings Conference Call

January 28, 2010

# Oxy

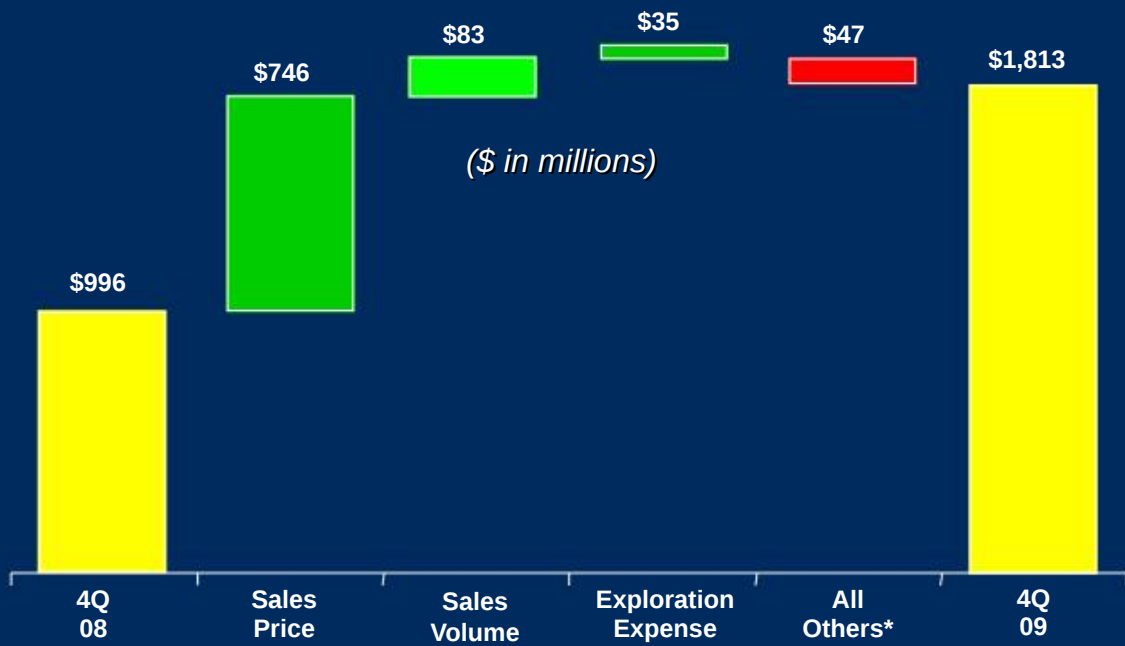


- *Core Results - \$1.1 Billion vs. \$957 Million in 4Q08*
  - *Core EPS \$1.30 (diluted) vs. \$1.18 in 4Q08.*
- Net Income - \$938 Million vs. \$443 Million in 4Q08
  - EPS \$1.15 (diluted) vs. \$0.55 in 4Q08.
  - 4Q09 net income includes after-tax non-core charges mostly consisting of a \$115 mm impairment of certain Argentine producing properties.

# Fourth Quarter 2009 Earnings - Oil & Gas Segment Variance Analysis - 4Q09 vs. 4Q08



- **Core Results for 4Q09 of \$1.8 B vs. \$1.0 B in 4Q08**
  - The increase was due to higher crude oil prices and sales volumes and lower operating expenses.



\*All Others include: Lower FX gains and higher DD&A rate partially offset by lower operating costs.



## Fourth Quarter 2009 Earnings - Oil & Gas Segment



|                                   | <u>4Q09</u> | <u>4Q08</u> |
|-----------------------------------|-------------|-------------|
| Reported Segment Earnings (\$ mm) | \$1,643     | \$339       |
| WTI Oil Price (\$/bbl)            | \$76.19     | \$58.73     |
| NYMEX Gas Price (\$/mcf)          | \$4.29      | \$6.97      |

### *Oxy's Realized Prices*

|                                |                |                |
|--------------------------------|----------------|----------------|
| <i>Worldwide Oil (\$/bbl)</i>  | <i>\$69.39</i> | <i>\$53.52</i> |
| <i>US Natural Gas (\$/mcf)</i> | <i>\$4.37</i>  | <i>\$4.67</i>  |

## Fourth Quarter 2009 Earnings - Oil & Gas Segment - Production



|  | <u>4Q09</u>  | <u>4Q08</u> |
|--|--|-------------|
| • Oil and Gas Sales Volumes (mboe/d)             | 650  | 620         |
| –  | <i>+ 4.8% year-over-year or 30 mboe/d.</i>                     |             |
| • Year-over-year sales volume increase includes: |  |             |
| –  | + 23 mboe/d from Oman and Bahrain;                             |             |
| –  | + 6 mboe/d from Argentina, and;                                |             |
| –  | + 13 mboe/d from California operations, excluding Long Beach;  |             |
| –  | partially offset by - - 7 mboe/d of volumes in the Middle East |             |
| caused   | by higher oil prices affecting our PSCs.                       |             |

## Fourth Quarter 2009 Earnings - Oil & Gas Segment - Production

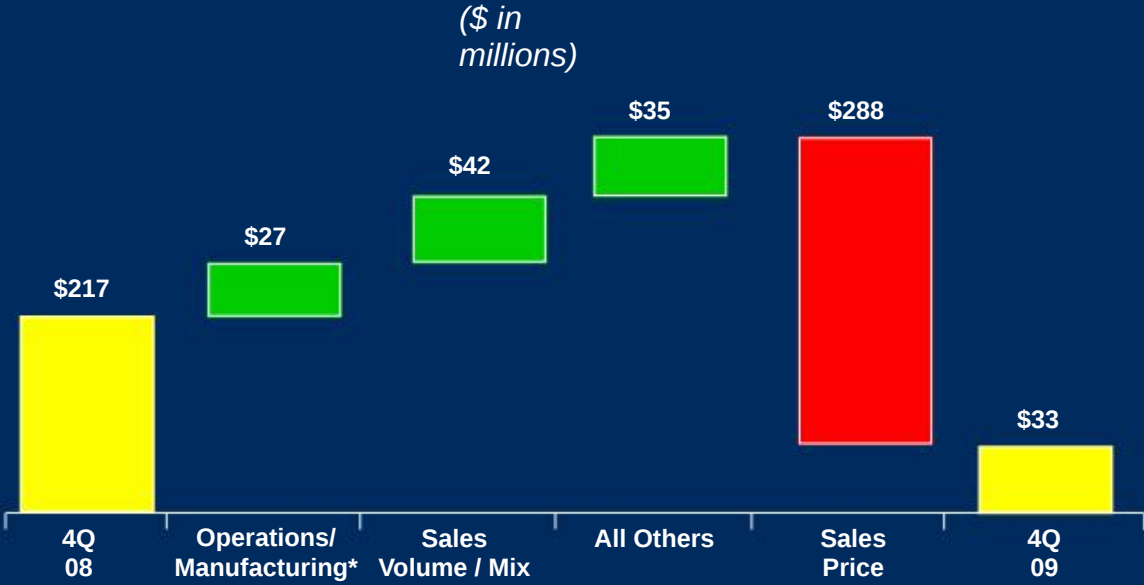


- |   | <u>4Q09</u>  | <u>3Q09</u> |
|---|--|-------------|
| • Oil and Gas Sales Volumes (mboe/d)            | 650  | 628         |
| –   | <i>+ 3.5% quarter-over-quarter or 22 mboe/d.</i>   |             |
| • Sequential sales volume increase includes:    |  |             |
| –   | Bahrain production and development activities began on 12/1/09;                                      |             |
| –   | Argentina volumes increased by 8 mboe/d. 3Q09 included a 9 mboe/d loss due to the Santa Cruz strike; |             |
| –   | California volumes, excluding Long Beach, increased by 3 mboe/d;                                     |             |
| –   | Oman volumes increased by 4 mboe/d from the Mukhaizna field.   |             |
| • Exploration expense was \$99 million in 4Q09. |  |             |

# Fourth Quarter 2009 Earnings - Chemical Segment Variance Analysis - 4Q09 vs. 4Q08



- **Core Results for 4Q09 of \$33 mm vs. \$217 mm in 4Q08**
  - Reflects the continued weakness in most domestic markets, but in particular U.S. housing, durable goods and agricultural sectors.

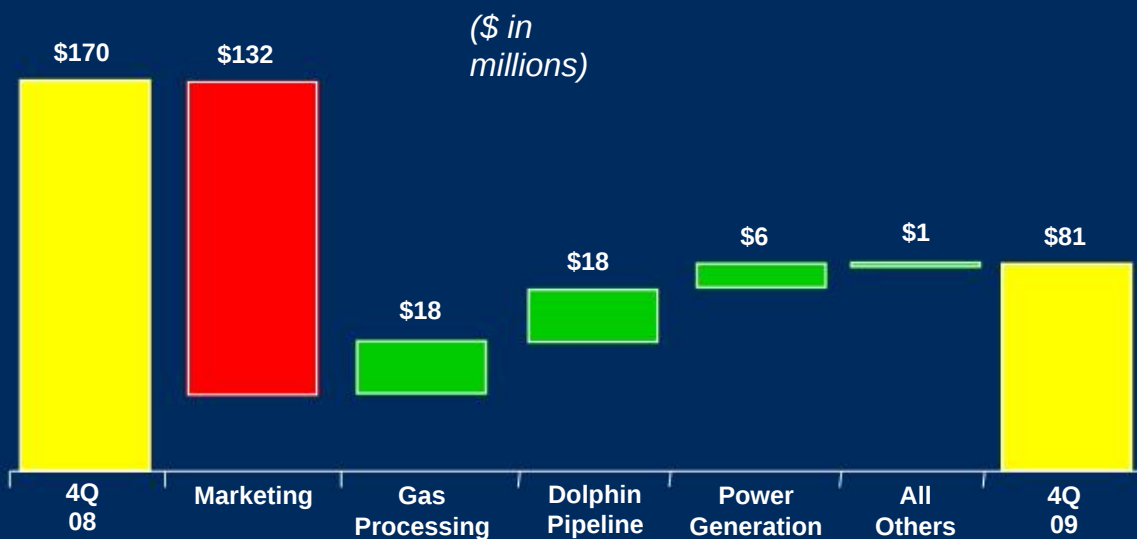


\*Lower energy costs.

# Fourth Quarter 2009 Earnings - Midstream Segment Variance Analysis - 4Q09 vs. 4Q08



- **Core Results for 4Q09 of \$81 mm vs. \$170 mm in 4Q08**
  - The decrease was due to lower year-over-year margins in the marketing business, partially offset by improved NGL margins resulting from lower maintenance expenses, energy costs and property taxes in the gas processing business and higher income from the Dolphin Pipeline.

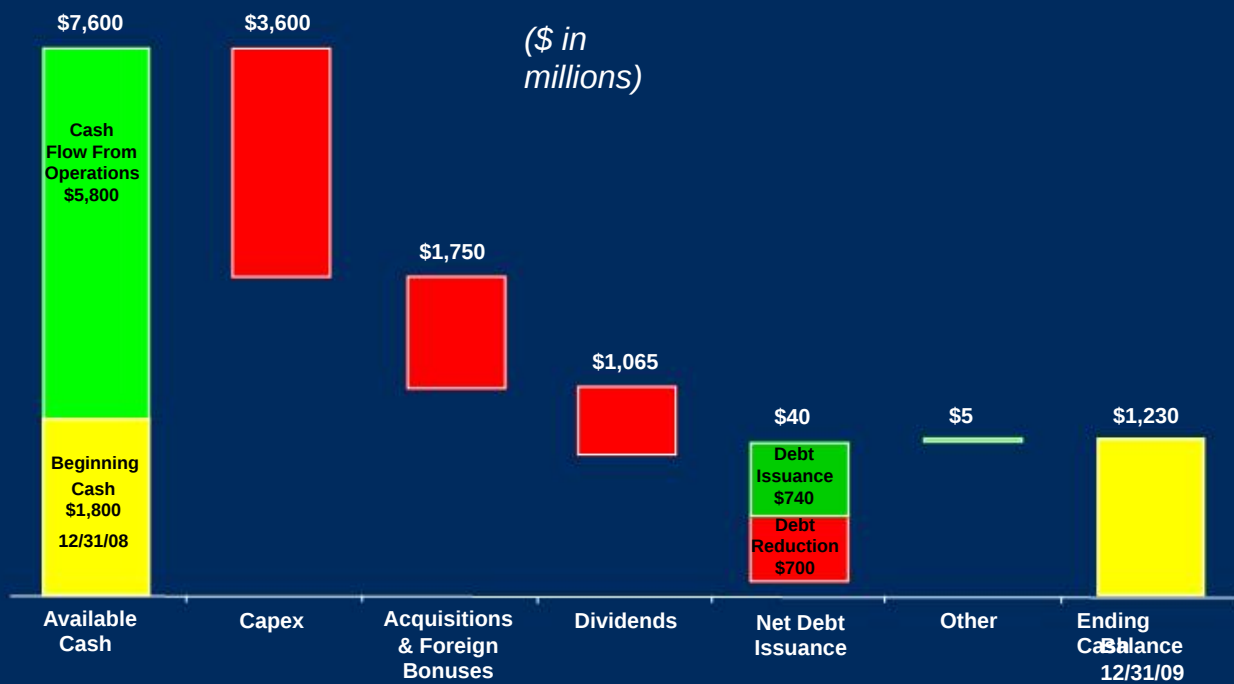


# Fourth Quarter 2009 Earnings - Full Year 2009 Results



|   | <u>YTD2009</u> | <u>YTD2008</u> |
|---|----------------|----------------|
| • Net Income (\$ mm)  | \$2,915        | \$6,857        |
| EPS (diluted)   | \$3.58         | \$8.34         |
| • Core Results (\$ mm)  | \$3,083        | \$7,348        |
| <i>EPS (diluted)</i>  | <i>\$3.78</i>  | <i>\$8.94</i>  |
| • Oil and Gas Sales Volumes (mboe/d)  | 645            | 601            |
| – <i>+7.3% year-over-year</i>   |                |                |
| • Oil and gas cash production costs, excluding production and property taxes, were \$10.37 p/boe for 2009, a 15% decline from 2008 full year costs of \$12.13 p/boe.                                    |                |                |
| • Taxes - other than on income were \$1.77 p/boe for 2009 compared to \$2.62 p/boe for all of 2008. These costs, which are sensitive to product prices, reflect lower crude oil and gas prices in 2009. |                |                |
| • Capex for 2009 was \$3.6 billion.   |                |                |
| – Capital expenditures by segment were 79% in Oil and Gas, 6% in Chemical and 15% in Midstream.   |                |                |
| – The Oil and Gas expenditures were 56% in foreign operations and 44% domestically.   |                |                |

# Fourth Quarter 2009 Earnings - Full Year 2009 Cash Flow



## Fourth Quarter 2009 Earnings - Shares Outstanding, Debt and Returns



| Shares Outstanding (mm)    | <u>2009</u> | <u>12/31/09</u> |
|----------------------------|-------------|-----------------|
| Weighted Average Basic     | 811.3       |                 |
| Weighted Average Diluted   | 813.8       |                 |
| Basic Shares Outstanding   |             | 812.0           |
| Diluted Shares Outstanding |             | 814.4           |
|                            | <u>2009</u> |                 |
| Debt/Capital               | 9%          |                 |
| ROE                        | 10.3%       |                 |
| ROCE                       | 9.6%        |                 |



# Fourth Quarter 2009 Earnings - 2010 Reporting Changes



- *Beginning in 2010, we are making three reporting changes which will impact comparability between years.*
- *#1 — Historically, our production volumes have been reported as a mix of pre-tax and after tax volumes while our revenues have reflected only pre-tax sales.*
  - Difference is caused by our PSCs in the Middle East and North Africa where production is immediately taken and sold to pay the local income tax.
  - We have treated this as additional revenues but not additional production.
  - To simplify our reporting and to conform with industry practice, our production and our revenues will now be tied.
  - Beginning this year we will refer to production on this more accurate and consistent basis.
  - All references to growth and volume comparisons will be against these reformatted production volumes.
  - For example, the production from last year will be referred to as 714 mboe/d rather than 645 mboe/d for the year.
  - This change will have no effect on the company's financial statements.



- *#2 — We have combined most of our gas production in the mid-continental regions of the US into a single business unit called Midcontinent Gas.*
  - This was done in order to take advantage of common development methods and production optimization opportunities.
  - This business unit will include:
    - the Hugoton field;
    - the Piceance basin;
    - and the bulk of the Permian basin non-associated gas assets, which had been reported as part of the Permian business unit through the end of 2009.
  - Starting in 2010, these assets will be reported in Midcontinent Gas.
  - As a result, Midcontinent Gas unit's production will be approximately 75% gas and 25% liquids.
  - Permian's production will go from 84% liquids and 16% gas, to 89% liquids and 11%, mostly associated, gas.



- #3 — *Capitalized CO<sub>2</sub>*
  - Oxy's policy regarding tertiary recovery is to capitalize costs, such as CO<sub>2</sub>, when they support development of proved reserves and generally expense these costs when they support current production.
  - In 2009, we capitalized approximately 50% of the CO<sub>2</sub> injected in the Permian basin.
  - As the CO<sub>2</sub> program matures, a larger portion of the injected gas supports current production.
  - Beginning in 2010, we will be expensing 100% of the CO<sub>2</sub> injected, in order to simplify the process of determining the portion that should be capitalized versus expensed.
  - In 2009, \$69 million of CO<sub>2</sub> costs were capitalized.

## Fourth Quarter 2009 Earnings - 1Q10 Outlook



- We expect oil and gas sales volumes to increase from the reformatted 4Q09 amount of 722 mboe/d to about 730 to 740 mboe/d in 1Q10 at about current oil prices.
  - Production increases will come from California, Bahrain and Oman.
- Commodity Price Sensitivity - Earnings
  - At current market prices, a \$1.00 per barrel change in oil prices impacts oil and gas quarterly earnings before income taxes by about \$36 mm;
  - A swing of \$0.50 per mm BTU in domestic gas prices has a \$24 mm impact on quarterly earnings before income taxes;
- We expect 1Q10 exploration expense to be about \$75 mm for seismic and drilling for our exploration programs.

## Fourth Quarter 2009 Earnings - 1Q10 Outlook



- For the Chemical segment:
  - The international markets remain solid;
  - In the U.S., we have a competitive advantage against foreign products; however, the housing and construction markets remain weak, which will limit improvement in sales volumes and margins.
  - Chemical earnings for 1Q10 are expected to be in the range of \$30 mm to \$50 mm.
- We expect our combined worldwide tax rate in 1Q10 to be in the range of 42 to 43 percent depending on the split between domestic and foreign sourced income.

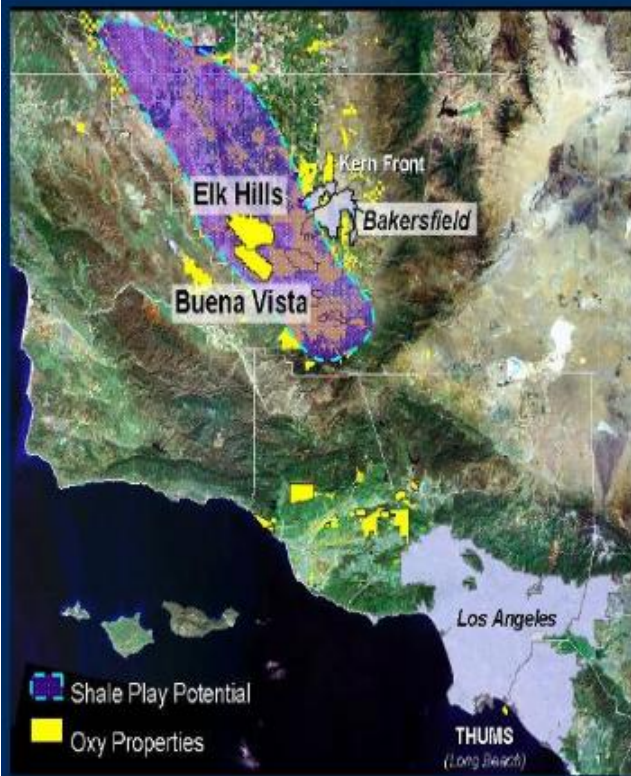
## Fourth Quarter 2009 Earnings - 2010 Capital Spending and DD&A



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- We expect capital spending for the total year of 2010 to be about \$4.3 billion.
  - Our capital program will continue to focus on ensuring that our returns remain well above our cost of capital.
  - The additional capital from 2009's \$3.6 billion level will be allocated to the Oil and Gas segment.
  - Of this increase:
    - about a quarter each will go to California and Iraq;
    - about 15% to Bahrain and 10% to Midcontinent Gas.
  - As a result, the capital allocation will be approximately 82% in Oil and Gas with the remainder being spent in Midstream and Chemical.
- Our Oil and Gas DD&A expense for 2010 should be approximately \$10.75 p/boe.
- Depreciation for the other two segments should be approximately \$450 million.

# Fourth Quarter 2009 Earnings - California Exploration



- **Excluding the Kern County discovery:**

- Over the course of a couple of years, we have drilled 39 exploration wells seeking non-traditional hydrocarbon bearing zones in California.
- Of these wells, 12 are commercial and 10 are currently being evaluated;
- Oxy holds 1.3 mm acres of net fee minerals and leasehold in CA, which have been acquired in the last few years to exploit these opportunities. Discoveries similar to the Kern County discovery are possible in this net acre position.
- Additionally, we continue to pursue shale production which is expected to produce oil on this acreage.

# Fourth Quarter 2009 Earnings - California Exploration - Kern County Discovery



## KERN COUNTY DISCOVERY AREA

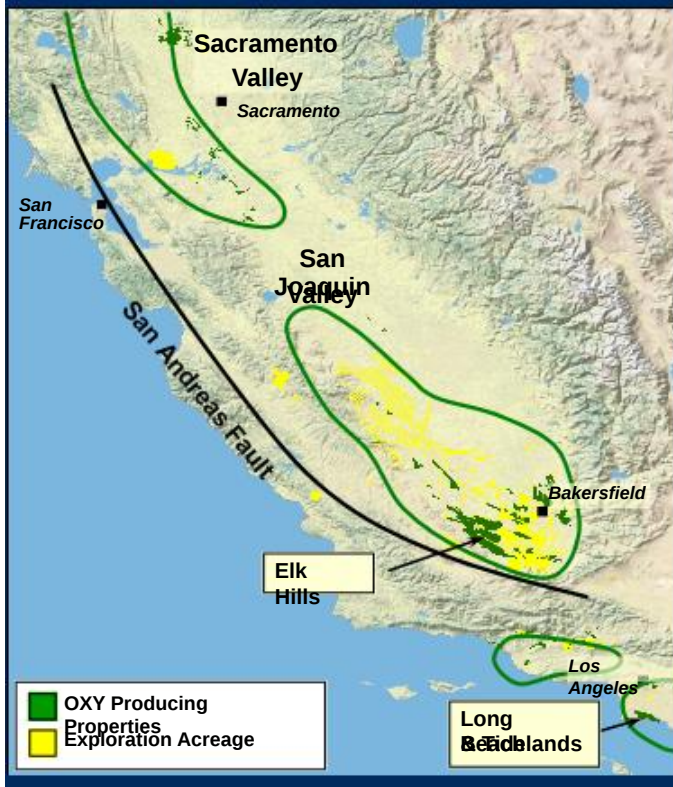
The discovery, which is near Elk Hills, is not below any producing zones.

|                            | <u>4Q09</u> | <u>3Q09</u> | <u>2Q09</u> | <u>1Q09</u> |
|----------------------------|-------------|-------------|-------------|-------------|
| Gross Production*          |             |             |             |             |
| – Natural Gas (mmcf/d)     | 145         | 105         | 74          | 28          |
| – Liquids (mb/d)           | <u>7.5</u>  | <u>8.5</u>  | <u>5</u>    | <u>3</u>    |
| – Total mboe/d             | <u>31.7</u> | <u>26.0</u> | <u>17.3</u> | <u>7.7</u>  |
| Number of producing wells* | 15          | 10          | 6           | 4           |

\*Production and producing wells as of each of the quarterly earnings disclosure dates.



# Fourth Quarter 2009 Earnings - California Exploration - Kern County Discovery



- Cumulative gross production since the start of production through 12/31/09 has been 19.4 bcf of gas and 1.5 mm barrels of liquids;
- We expect to drill 8 wells in the first half of 2010 focusing on oil drilling and exploring the limits of the field;
- We also expect to add skid mounted gas processing facilities by 2Q10;
- We expect to add to our gas production once these facilities are installed.



**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 actual results to differ materially include, but are not limited to: global commodity price fluctuations and supply/demand considerations for oil, gas and chemicals; not successfully completing (or any material delay in) any expansions, field development, capital projects, acquisitions, or dispositions; higher-than-expected costs; political risk; operational interruptions; changes in tax rates; exploration risks, such as drilling of unsuccessful wells; and commodity trading risks. 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 disclosures 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.