
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) July 26, 2012

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

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 July 26, 2012, Occidental Petroleum Corporation released information regarding its results of operations for the three and six months ended June 30, 2012. 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 James M. Lienert and Stephen 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. The information in this Item 2.02 and Exhibits 99.1 through 99.5, inclusive, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Section 8 – Other Events

Item 8.01. Other Events

On July 26, 2012, Occidental Petroleum Corporation announced net income of \$1.3 billion (\$1.64 per diluted share) for the second quarter of 2012, compared with the second quarter of 2011 net income of \$1.8 billion (\$2.23 per diluted share).

Oil and Gas

Oil and gas segment earnings were \$2.0 billion for the second quarter of 2012, compared with \$2.6 billion for the second quarter of 2011. Lower oil and gas prices, higher operating costs and higher DD&A rates in the second quarter of 2012 were partially offset by higher volumes.

For the second quarter of 2012, daily oil and gas production volumes averaged 766,000 barrels of oil equivalent (BOE), compared with 715,000 BOE in the second quarter of 2011.

The second quarter 2012 production increase resulted from 38,000 BOE per day higher domestic volumes and a 13,000 BOE per day increase in the Middle East/North Africa.

Daily sales volumes increased from 705,000 BOE in the second quarter of 2011 to 759,000 BOE in the second quarter of 2012.

Oxy’s realized price for worldwide crude oil was \$99.34 per barrel for the second quarter of 2012, compared with \$103.12 per barrel for the second quarter of 2011. The second quarter of 2012 realized oil price represents 106 percent of the average WTI and 91 percent of the average Brent price for the quarter. Worldwide NGL prices were \$42.06 per barrel in the second quarter of 2012, compared with \$57.67 per barrel in the second quarter of 2011. Domestic gas prices decreased 51 percent from \$4.27 per MCF in the second quarter of 2011 to \$2.09 per MCF for the second quarter of 2012.

Second quarter 2012 realized prices were also lower than first quarter 2012 prices for all our products. On a sequential quarterly basis, price decreases were 8 percent for worldwide crude oil, 20 percent for worldwide NGLs and 26 percent for domestic natural gas.

Chemicals

Chemical segment earnings for the second quarter of 2012 were \$194 million, compared with \$253 million in the second quarter of 2011. The year-over-year decrease was the result of lower domestic and export caustic volumes, lower vinyl chloride monomer (VCM) export demand, and lower polyvinyl chloride and VCM export prices, partially offset by lower natural gas and ethylene costs.

Midstream, Marketing and Other

Midstream segment earnings were \$77 million for the second quarter of 2012, compared with \$187 million for the second quarter of 2011. The results predominantly reflect lower margins in the marketing and trading businesses and the gas processing businesses, partially offset by higher income in the pipeline businesses.

SIX-MONTH RESULTS

Year-to-date 2012 core income was \$2.9 billion (\$3.56 per diluted share), compared with \$3.4 billion (\$4.19 per diluted share) for the same period in 2011. Net income for the first six months of 2012 was \$2.9 billion (\$3.55 per diluted share), compared with \$3.4 billion (\$4.13 per diluted share) for the same period in 2011.

Oil and Gas

Oil and gas segment earnings were \$4.5 billion for the six months of 2012, compared with \$5.1 billion for the same period of 2011. The \$600 million decrease in the 2012 results reflected lower NGL and natural gas prices, higher operating costs and higher DD&A rates, partially offset by higher oil prices and increased volumes.

Oil and gas production volumes for the six months were 760,000 BOE per day for 2012, compared with 723,000 BOE per day for the 2011 period. Year-over-year, our domestic production increased by 11 percent, while total production increased by 5 percent. Higher year-over-year average oil prices and other factors affecting our production-sharing and similar contracts lowered our Middle East/North Africa and Long Beach production by 7,000 BOE per day.

The six-month 2012 daily production volume increase resulted from 44,000 BOE higher domestic volumes, partially offset by lower volumes of 2,000 BOE in the Middle East/North Africa and 5,000 BOE in Latin America.

Daily sales volumes were 752,000 BOE in the first six months of 2012, compared with 717,000 BOE for 2011.

Oxy's realized prices improved for crude oil but declined for natural gas and NGLs on a year-over-year basis. Worldwide crude oil prices were \$103.63 per barrel for the six months of 2012, compared with \$97.38 per barrel for the six months of 2011. Worldwide NGL prices were \$47.52 per barrel for the six months of 2012, compared with \$55.38 per barrel in the six months of 2011. Domestic gas prices declined 42 percent, from \$4.24 per MCF in the six months of 2011 to \$2.46 per MCF in the six months of 2012.

Chemicals

Chemical segment earnings were \$378 million for the six months of 2012, compared with \$472 million for the same period in 2011. The 2012 six-month reduction was primarily a result of lower export volumes and prices due to the weakening economic conditions in Europe and Asia, partially offset by lower energy costs.

Midstream, Marketing and Other

Midstream segment earnings were \$208 million for the six months of 2012, compared with \$301 million for the same period in 2011. The 2012 results reflect lower results in the marketing and trading business, the gas processing business and the power generation business, partially offset by improved results in the pipeline businesses.

Forward-Looking Statements

Portions of this press release contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; general domestic political and regulatory approval conditions; international political conditions; not successfully completing, or any material delay of, any development of new fields, expansion projects, capital expenditures, efficiency-improvement projects, acquisitions or dispositions; potential failure to achieve expected production from existing and future oil and gas development projects; exploration risks such as drilling unsuccessful wells; any general economic recession or slowdown domestically or internationally; higher-than-expected costs; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; potential disruption or interruption of Occidental's production or manufacturing or damage to facilities due to accidents, chemical releases, labor unrest, weather, natural disasters, political events or insurgent activity; failure of risk management; changes in law or regulations; or changes in tax rates. Words such as "estimate", "project", "predict", "will", "would", "should", "could", "may", "might", "anticipate", "plan", "intend", "believe", "expect", "aim", "goal", "target", "objective", "likely" or similar expressions that convey the uncertainty of future events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2011 Form 10-K.

SUMMARY OF SEGMENT NET SALES AND EARNINGS

| (\$ millions, except per-share amounts) | Second Quarter | | Six Months | |
|--|----------------|----------|------------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| SEGMENT NET SALES | | | | |
| Oil and Gas | \$ 4,495 | \$ 4,591 | \$ 9,397 | \$ 8,958 |
| Chemical | 1,172 | 1,325 | 2,320 | 2,490 |
| Midstream, Marketing and Other | 262 | 441 | 655 | 853 |
| Eliminations | (161) | (184) | (336) | (402) |
| Net Sales | \$ 5,768 | \$ 6,173 | \$ 12,036 | \$ 11,899 |
| SEGMENT EARNINGS | | | | |
| Oil and Gas (a) | \$ 2,043 | \$ 2,624 | \$ 4,547 | \$ 5,092 |
| Chemical | 194 | 253 | 378 | 472 |
| Midstream, Marketing and Other | 77 | 187 | 208 | 301 |
| | 2,314 | 3,064 | 5,133 | 5,865 |
| Unallocated Corporate Items | | | | |
| Interest expense, net (b) | (25) | (22) | (53) | (236) |
| Income taxes (c) | (875) | (1,111) | (2,014) | (2,165) |
| Other | (82) | (112) | (174) | (240) |
| Income from Continuing Operations | 1,332 | 1,819 | 2,892 | 3,224 |
| Discontinued operations, net (d) | (4) | (2) | (5) | 142 |
| NET INCOME | \$ 1,328 | \$ 1,817 | \$ 2,887 | \$ 3,366 |
| BASIC EARNINGS PER COMMON SHARE | | | | |
| Income from continuing operations | \$ 1.64 | \$ 2.23 | \$ 3.56 | \$ 3.96 |
| Discontinued operations, net | - | - | (0.01) | 0.18 |
| | \$ 1.64 | \$ 2.23 | \$ 3.55 | \$ 4.14 |
| DILUTED EARNINGS PER COMMON SHARE | | | | |
| Income from continuing operations | \$ 1.64 | \$ 2.23 | \$ 3.56 | \$ 3.96 |
| Discontinued operations, net | - | - | (0.01) | 0.17 |
| | \$ 1.64 | \$ 2.23 | \$ 3.55 | \$ 4.13 |
| AVERAGE COMMON SHARES OUTSTANDING | | | | |
| BASIC | 810.3 | 812.5 | 810.4 | 812.5 |
| DILUTED | 811.0 | 813.3 | 811.2 | 813.3 |

(a) **Oil and Gas** - The six months of 2011 include pre-tax charges of \$35 million related to exploration write-offs in Libya and \$29 million related to Colombia net worth tax. Also, included in the six months of 2011 results is a pre-tax gain for sale of an interest in a Colombia pipeline of \$22 million.

(b) **Unallocated Corporate Items - Interest Expense, net** - The six months of 2011 include a pre-tax charge of \$163 million related to the premium on debt extinguishment.

(c) **Unallocated Corporate Items - Taxes** - The six months of 2011 include a net \$21 million charge for out-of-period state income taxes.

(d) **Discontinued Operations, net** - The six months of 2011 include a \$144 million after-tax gain from the sale of the Argentine operations.

SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE

| (\$ millions) | Second Quarter | | Six Months | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 |
| CAPITAL EXPENDITURES | \$ 2,713 | \$ 1,633 | \$ 5,125 | \$ 2,958 |
| DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS | \$ 1,087 | \$ 839 | \$ 2,172 | \$ 1,729 |

SUMMARY OF OPERATING STATISTICS - PRODUCTION

| | Second Quarter | | Six Months | |
|--|----------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY | | | | |
| United States | | | | |
| Crude Oil (MBBL) | | | | |
| California | 88 | 78 | 87 | 77 |
| Permian | 138 | 132 | 139 | 132 |
| Midcontinent and Other | 23 | 16 | 20 | 15 |
| Total | 249 | 226 | 246 | 224 |
| NGL (MBBL) | | | | |
| California | 15 | 15 | 15 | 15 |
| Permian | 39 | 40 | 39 | 38 |
| Midcontinent and Other | 19 | 16 | 19 | 12 |
| Total | 73 | 71 | 73 | 65 |
| Natural Gas (MMCF) | | | | |
| California | 269 | 252 | 268 | 247 |
| Permian | 151 | 143 | 153 | 154 |
| Midcontinent and Other | 420 | 366 | 416 | 347 |
| Total | 840 | 761 | 837 | 748 |
| Latin America | | | | |
| Crude Oil (MBBL) - Colombia | 31 | 30 | 27 | 31 |
| Natural Gas (MMCF) - Bolivia | 14 | 16 | 14 | 16 |
| Middle East / North Africa | | | | |
| Crude Oil (MBBL) | | | | |
| Bahrain | 4 | 3 | 4 | 3 |
| Dolphin | 9 | 10 | 9 | 10 |
| Oman | 62 | 68 | 63 | 67 |
| Qatar | 74 | 68 | 73 | 72 |
| Other | 32 | 28 | 37 | 43 |
| Total | 181 | 177 | 186 | 195 |
| NGL (MBBL) | | | | |
| Dolphin | 9 | 11 | 9 | 10 |
| Natural Gas (MMCF) | | | | |
| Bahrain | 230 | 172 | 224 | 172 |
| Dolphin | 194 | 203 | 183 | 199 |
| Oman | 57 | 49 | 57 | 50 |
| Total | 481 | 424 | 464 | 421 |
| Barrels of Oil Equivalent (MBOE) | 766 | 715 | 760 | 723 |

SUMMARY OF OPERATING STATISTICS - SALES

| | Second Quarter | | Six Months | |
|---|----------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| NET OIL, GAS AND LIQUIDS SALES PER DAY | | | | |
| United States | | | | |
| Crude Oil (MBBL) | 249 | 226 | 246 | 224 |
| NGL (MBBL) | 73 | 71 | 73 | 65 |
| Natural Gas (MMCF) | 835 | 761 | 835 | 748 |
| Latin America | | | | |
| Crude Oil (MBBL) - Colombia | 31 | 30 | 27 | 31 |
| Natural Gas (MMCF) - Bolivia | 14 | 16 | 14 | 16 |
| Middle East / North Africa | | | | |
| Crude Oil (MBBL) | | | | |
| Bahrain | 4 | 3 | 4 | 3 |
| Dolphin | 8 | 10 | 8 | 10 |
| Oman | 60 | 66 | 63 | 69 |
| Qatar | 73 | 65 | 71 | 71 |
| Other | 30 | 23 | 32 | 36 |
| Total | 175 | 167 | 178 | 189 |
| NGL (MBBL) | | | | |
| Dolphin | 9 | 11 | 9 | 10 |
| Natural Gas (MMCF) | 481 | 424 | 464 | 421 |
| Barrels of Oil Equivalent (MBOE) | 759 | 705 | 752 | 717 |

SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

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

| (\$ millions, except per-share amounts) | Second Quarter | | | |
|---|-----------------|----------------|-----------------|----------------|
| | 2012 | Diluted EPS | 2011 | Diluted EPS |
| TOTAL REPORTED EARNINGS | \$ 1,328 | \$ 1.64 | \$ 1,817 | \$ 2.23 |
| Oil and Gas | | | | |
| Segment Earnings | \$ 2,043 | | \$ 2,624 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>2,043</u> | | <u>2,624</u> | |
| Chemicals | | | | |
| Segment Earnings | 194 | | 253 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>194</u> | | <u>253</u> | |
| Midstream, Marketing and Other | | | | |
| Segment Earnings | 77 | | 187 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>77</u> | | <u>187</u> | |
| Total Segment Core Results | <u>2,314</u> | | <u>3,064</u> | |
| Corporate | | | | |
| Corporate Results -- | | | | |
| Non Segment * | (986) | | (1,247) | |
| Add: | | | | |
| Discontinued operations, net ** | <u>4</u> | | <u>2</u> | |
| Corporate Core Results - Non Segment | <u>(982)</u> | | <u>(1,245)</u> | |
| TOTAL CORE RESULTS | \$ 1,332 | \$ 1.64 | \$ 1,819 | \$ 2.23 |

* 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) | | | Six Months | |
|--|-----------------|----------------|-----------------|----------------|
| | 2012 | Diluted EPS | 2011 | Diluted EPS |
| TOTAL REPORTED EARNINGS | \$ 2,887 | \$ 3.55 | \$ 3,366 | \$ 4.13 |
| Oil and Gas | | | | |
| Segment Earnings | \$ 4,547 | | \$ 5,092 | |
| Add: | | | | |
| Libya exploration write-off | - | | 35 | |
| Gain on sale of Colombia pipeline interest | - | | (22) | |
| Foreign tax | - | | 29 | |
| Segment Core Results | <u>4,547</u> | | <u>5,134</u> | |
| Chemicals | | | | |
| Segment Earnings | 378 | | 472 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>378</u> | | <u>472</u> | |
| Midstream, Marketing and Other | | | | |
| Segment Earnings | 208 | | 301 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>208</u> | | <u>301</u> | |
| Total Segment Core Results | <u>5,133</u> | | <u>5,907</u> | |
| Corporate | | | | |
| Corporate Results -- | | | | |
| Non Segment * | (2,246) | | (2,499) | |
| Add: | | | | |
| Premium on debt extinguishments | - | | 163 | |
| State income tax charge | - | | 33 | |
| Tax effect of pre-tax adjustments | - | | (50) | |
| Discontinued operations, net ** | 5 | | (142) | |
| Corporate Core Results - Non Segment | <u>(2,241)</u> | | <u>(2,495)</u> | |
| TOTAL CORE RESULTS | <u>\$ 2,892</u> | <u>\$ 3.56</u> | <u>\$ 3,412</u> | <u>\$ 4.19</u> |

* 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 July 26, 2012.

99.2 Full text of speeches given by James M. Lienert and Stephen 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: July 26, 2012

/s/ ROY PINECI

Roy Pineci, Vice President, Controller
and Principal Accounting Officer

EXHIBIT INDEX

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For Immediate Release: July 26, 2012

Occidental Petroleum Announces Second Quarter of 2012 Income

- Q2 2012 net income of \$1.3 billion (\$1.64 per diluted share)
- Q2 2012 total daily oil and gas production of 766,000 barrels of oil equivalent, the second consecutive quarter of record production
- Q2 2012 domestic daily oil and gas production of 462,000 barrels of oil equivalent, a record for the seventh consecutive quarter.

LOS ANGELES, July 26, 2012 -- [Occidental Petroleum Corporation](#) (NYSE:OXY) announced net income of \$1.3 billion (\$1.64 per diluted share) for the second quarter of 2012, compared with the second quarter of 2011 net income of \$1.8 billion (\$2.23 per diluted share).

In announcing the results, Stephen I. Chazen, President and Chief Executive Officer, said, "Our second quarter 2012 total Company production of 766,000 barrels of oil equivalent per day was the second consecutive quarter of record production. Our domestic production was 9 percent higher than the second quarter of 2011 and total production was 7 percent higher. Our domestic production of 462,000 barrels of oil equivalent per day was a record for the seventh consecutive quarter. We increased our daily domestic production by 7,000 barrels from the first quarter of 2012 and by 38,000 barrels from the second quarter of 2011.

"Lower product prices impacted our second quarter results, resulting in diluted EPS of \$1.64 per share. We generated cash flow from operations of \$6.0 billion for the first six months of 2012 and invested \$5.1 billion in capital expenditures."

Oil and Gas

Oil and gas segment earnings were \$2.0 billion for the second quarter of 2012, compared with \$2.6 billion for the second quarter of 2011. Lower oil and gas prices, higher operating costs and higher DD&A rates in the second quarter of 2012 were partially offset by higher volumes.

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The second quarter 2012 production increase resulted from 38,000 BOE per day higher domestic volumes and a 13,000 BOE per day increase in the Middle East/North Africa.

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SIX-MONTH RESULTS

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and similar contracts lowered our Middle East/North Africa and Long Beach production by 7,000 BOE per day.

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labor unrest, weather, natural disasters, political events or insurgent activity; failure of risk management; changes in law or regulations; or changes in tax rates. Words such as "estimate", "project", "predict", "will", "would", "should", "could", "may", "might", "anticipate", "plan", "intend", "believe", "expect", "aim", "goal", "target", "objective", "likely" or similar expressions that convey the uncertainty of future events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2011 Form 10-K.

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Contacts:

Melissa E. Schoeb (media)
melissa_schoeb@oxy.com
310-443-6504

or

Chris Stavros (investors)
chris_stavros@oxy.com
212-603-8184

For further analysis of Occidental's quarterly performance, please visit the website: www.oxy.com

SUMMARY OF SEGMENT NET SALES AND EARNINGS

| (\$ millions, except per-share amounts) | Second Quarter | | Six Months | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 |
| SEGMENT NET SALES | | | | |
| Oil and Gas | \$ 4,495 | \$ 4,591 | \$ 9,397 | \$ 8,958 |
| Chemical | 1,172 | 1,325 | 2,320 | 2,490 |
| Midstream, Marketing and Other | 262 | 441 | 655 | 853 |
| Eliminations | (161) | (184) | (336) | (402) |
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| SEGMENT EARNINGS | | | | |
| Oil and Gas (a) | \$ 2,043 | \$ 2,624 | \$ 4,547 | \$ 5,092 |
| Chemical | 194 | 253 | 378 | 472 |
| Midstream, Marketing and Other | 77 | 187 | 208 | 301 |
| | 2,314 | 3,064 | 5,133 | 5,865 |
| Unallocated Corporate Items | | | | |
| Interest expense, net (b) | (25) | (22) | (53) | (236) |
| Income taxes (c) | (875) | (1,111) | (2,014) | (2,165) |
| Other | (82) | (112) | (174) | (240) |
| Income from Continuing Operations | 1,332 | 1,819 | 2,892 | 3,224 |
| Discontinued operations, net (d) | (4) | (2) | (5) | 142 |
| NET INCOME | \$ 1,328 | \$ 1,817 | \$ 2,887 | \$ 3,366 |
| BASIC EARNINGS PER COMMON SHARE | | | | |
| Income from continuing operations | \$ 1.64 | \$ 2.23 | \$ 3.56 | \$ 3.96 |
| Discontinued operations, net | - | - | (0.01) | 0.18 |
| | \$ 1.64 | \$ 2.23 | \$ 3.55 | \$ 4.14 |
| DILUTED EARNINGS PER COMMON SHARE | | | | |
| Income from continuing operations | \$ 1.64 | \$ 2.23 | \$ 3.56 | \$ 3.96 |
| Discontinued operations, net | - | - | (0.01) | 0.17 |
| | \$ 1.64 | \$ 2.23 | \$ 3.55 | \$ 4.13 |
| AVERAGE COMMON SHARES OUTSTANDING | | | | |
| BASIC | 810.3 | 812.5 | 810.4 | 812.5 |
| DILUTED | 811.0 | 813.3 | 811.2 | 813.3 |

(a) **Oil and Gas** - The six months of 2011 include pre-tax charges of \$35 million related to exploration write-offs in Libya and \$29 million related to Colombia net worth tax. Also, included in the six months of 2011 results is a pre-tax gain for sale of an interest in a Colombia pipeline of \$22 million.

(b) **Unallocated Corporate Items - Interest Expense, net** - The six months of 2011 include a pre-tax charge of \$163 million related to the premium on debt extinguishment.

(c) **Unallocated Corporate Items - Taxes** - The six months of 2011 include a net \$21 million charge for out-of-period state income taxes.

(d) **Discontinued Operations, net** - The six months of 2011 include a \$144 million after-tax gain from the sale of the Argentine operations.

SUMMARY OF CAPITAL EXPENDITURES AND DD&A EXPENSE

| (\$ millions) | Second Quarter | | Six Months | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 |
| CAPITAL EXPENDITURES | \$ 2,713 | \$ 1,633 | \$ 5,125 | \$ 2,958 |
| DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS | \$ 1,087 | \$ 839 | \$ 2,172 | \$ 1,729 |

SUMMARY OF OPERATING STATISTICS - PRODUCTION

| | Second Quarter | | Six Months | |
|--|----------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY | | | | |
| United States | | | | |
| Crude Oil (MBBL) | | | | |
| California | 88 | 78 | 87 | 77 |
| Permian | 138 | 132 | 139 | 132 |
| Midcontinent and Other | 23 | 16 | 20 | 15 |
| Total | 249 | 226 | 246 | 224 |
| NGL (MBBL) | | | | |
| California | 15 | 15 | 15 | 15 |
| Permian | 39 | 40 | 39 | 38 |
| Midcontinent and Other | 19 | 16 | 19 | 12 |
| Total | 73 | 71 | 73 | 65 |
| Natural Gas (MMCF) | | | | |
| California | 269 | 252 | 268 | 247 |
| Permian | 151 | 143 | 153 | 154 |
| Midcontinent and Other | 420 | 366 | 416 | 347 |
| Total | 840 | 761 | 837 | 748 |
| Latin America | | | | |
| Crude Oil (MBBL) - Colombia | 31 | 30 | 27 | 31 |
| Natural Gas (MMCF) - Bolivia | 14 | 16 | 14 | 16 |
| Middle East / North Africa | | | | |
| Crude Oil (MBBL) | | | | |
| Bahrain | 4 | 3 | 4 | 3 |
| Dolphin | 9 | 10 | 9 | 10 |
| Oman | 62 | 68 | 63 | 67 |
| Qatar | 74 | 68 | 73 | 72 |
| Other | 32 | 28 | 37 | 43 |
| Total | 181 | 177 | 186 | 195 |
| NGL (MBBL) | | | | |
| Dolphin | 9 | 11 | 9 | 10 |
| Natural Gas (MMCF) | | | | |
| Bahrain | 230 | 172 | 224 | 172 |
| Dolphin | 194 | 203 | 183 | 199 |
| Oman | 57 | 49 | 57 | 50 |
| Total | 481 | 424 | 464 | 421 |
| Barrels of Oil Equivalent (MBOE) | 766 | 715 | 760 | 723 |

SUMMARY OF OPERATING STATISTICS - SALES

| | Second Quarter | | Six Months | |
|---|----------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| NET OIL, GAS AND LIQUIDS SALES PER DAY | | | | |
| United States | | | | |
| Crude Oil (MBBL) | 249 | 226 | 246 | 224 |
| NGL (MBBL) | 73 | 71 | 73 | 65 |
| Natural Gas (MMCF) | 835 | 761 | 835 | 748 |
| Latin America | | | | |
| Crude Oil (MBBL) - Colombia | 31 | 30 | 27 | 31 |
| Natural Gas (MMCF) - Bolivia | 14 | 16 | 14 | 16 |
| Middle East / North Africa | | | | |
| Crude Oil (MBBL) | | | | |
| Bahrain | 4 | 3 | 4 | 3 |
| Dolphin | 8 | 10 | 8 | 10 |
| Oman | 60 | 66 | 63 | 69 |
| Qatar | 73 | 65 | 71 | 71 |
| Other | 30 | 23 | 32 | 36 |
| Total | 175 | 167 | 178 | 189 |
| NGL (MBBL) | | | | |
| Dolphin | 9 | 11 | 9 | 10 |
| Natural Gas (MMCF) | 481 | 424 | 464 | 421 |
| Barrels of Oil Equivalent (MBOE) | 759 | 705 | 752 | 717 |

SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

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

| (\$ millions, except per-share amounts) | Second Quarter | | | |
|---|-----------------|----------------|-----------------|----------------|
| | 2012 | Diluted EPS | 2011 | Diluted EPS |
| TOTAL REPORTED EARNINGS | \$ 1,328 | \$ 1.64 | \$ 1,817 | \$ 2.23 |
| Oil and Gas | | | | |
| Segment Earnings | \$ 2,043 | | \$ 2,624 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>2,043</u> | | <u>2,624</u> | |
| Chemicals | | | | |
| Segment Earnings | 194 | | 253 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>194</u> | | <u>253</u> | |
| Midstream, Marketing and Other | | | | |
| Segment Earnings | 77 | | 187 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>77</u> | | <u>187</u> | |
| Total Segment Core Results | <u>2,314</u> | | <u>3,064</u> | |
| Corporate | | | | |
| Corporate Results -- | | | | |
| Non Segment * | (986) | | (1,247) | |
| Add: | | | | |
| Discontinued operations, net ** | 4 | | 2 | |
| Corporate Core Results - Non Segment | <u>(982)</u> | | <u>(1,245)</u> | |
| TOTAL CORE RESULTS | <u>\$ 1,332</u> | <u>\$ 1.64</u> | <u>\$ 1,819</u> | <u>\$ 2.23</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) | Six Months | | | |
|--|-----------------|----------------|-----------------|----------------|
| | 2012 | Diluted EPS | 2011 | Diluted EPS |
| TOTAL REPORTED EARNINGS | \$ 2,887 | \$ 3.55 | \$ 3,366 | \$ 4.13 |
| Oil and Gas | | | | |
| Segment Earnings | \$ 4,547 | | \$ 5,092 | |
| Add: | | | | |
| Libya exploration write-off | - | | 35 | |
| Gain on sale of Colombia pipeline interest | - | | (22) | |
| Foreign tax | - | | 29 | |
| Segment Core Results | <u>4,547</u> | | <u>5,134</u> | |
| Chemicals | | | | |
| Segment Earnings | 378 | | 472 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>378</u> | | <u>472</u> | |
| Midstream, Marketing and Other | | | | |
| Segment Earnings | 208 | | 301 | |
| Add: | | | | |
| No significant items affecting earnings | - | | - | |
| Segment Core Results | <u>208</u> | | <u>301</u> | |
| Total Segment Core Results | <u>5,133</u> | | <u>5,907</u> | |
| Corporate | | | | |
| Corporate Results -- | | | | |
| Non Segment * | (2,246) | | (2,499) | |
| Add: | | | | |
| Premium on debt extinguishments | - | | 163 | |
| State income tax charge | - | | 33 | |
| Tax effect of pre-tax adjustments | - | | (50) | |
| Discontinued operations, net ** | 5 | | (142) | |
| Corporate Core Results - Non Segment | <u>(2,241)</u> | | <u>(2,495)</u> | |
| TOTAL CORE RESULTS | <u>\$ 2,892</u> | <u>\$ 3.56</u> | <u>\$ 3,412</u> | <u>\$ 4.19</u> |

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

** Amounts shown after tax.

Occidental Petroleum Corporation

JAMES M. LIENERT

Executive Vice President and Chief Financial Officer

– Conference Call –

Second Quarter 2012 Earnings Announcement

July 26, 2012

Los Angeles, California

Thank you Chris.

Net income was \$1.3 billion or \$1.64 per diluted share in the second quarter of 2012, compared to \$1.8 billion or \$2.23 per diluted share in the second quarter of 2011 and \$1.6 billion or \$1.92 per diluted share in the first quarter of 2012.

All of the drop in the second quarter earnings compared to the first quarter of 2012 was attributable to the decline in commodity prices. Worldwide oil and domestic gas and NGL prices were significantly lower during the quarter.

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

Oil and gas segment earnings for the second quarter of 2012 were \$2.0 billion, compared with \$2.5 billion in the first quarter of 2012 and \$2.6 billion in the second quarter of 2011.

In the oil and gas segment, the second quarter 2012 daily production was 766,000 barrels, the highest volume in the Company's history for the

second consecutive quarter, and was up 7 percent from the same period of 2011.

- Our total domestic production was 462,000 barrels per day, the seventh consecutive domestic quarterly volume record for the company. Our total domestic production was 9 percent higher than the second quarter of 2011.
- Latin America volumes were 33,000 barrels per day. Colombia's production of 31,000 barrels a day improved 7,000 barrels a day from the first quarter of 2012 due to significantly lower levels of insurgent activity in the second quarter.
- In the Middle East region, volumes were 271,000 barrels per day:
 - In Oman, the second quarter production was 72,000 barrels per day, 2,000 barrels lower than the first quarter volumes.
 - In Qatar, the second quarter production was 74,000 barrels per day, 2,000 barrels higher than first quarter volumes.
 - For Dolphin and Bahrain combined, daily production increased 7,000 barrels from the first quarter, which included planned plant shutdowns in Dolphin.
 - The rest of the Middle East / North Africa production decreased by 10,000 barrels per day.
- Oil prices and production sharing and similar contract factors did not significantly impact this quarter's production volumes compared to the previous quarter or the second quarter of 2011.
- Our second quarter sales volumes were 759,000 barrels per day, slightly lower than our production volumes, due to the timing of liftings in the Middle East/North Africa.

- Second quarter 2012 realized prices were lower for our products compared to the first quarter of the year. Our worldwide crude oil realized price was \$99.34 per barrel, a decrease of about 8 percent, worldwide NGLs were \$42.06 per barrel, a decrease of about 20 percent, and domestic natural gas prices were \$2.09 per MCF, a decline of 26 percent.
- Second quarter 2012 realized prices were also lower than second quarter 2011 prices for all our products. On a year-over-year basis, price decreases were 4 percent for worldwide crude oil, 27 percent for worldwide NGLs and 51 percent for domestic natural gas.
- Realized oil prices for the quarter represented 106 percent of the average WTI and 91 percent of the average Brent price. Realized NGL prices were 45 percent of WTI and realized domestic gas prices were 92 percent of the average NYMEX price.
- Price changes at current global prices affect our quarterly earnings before income taxes by \$38 million for a \$1.00 per barrel change in oil prices and \$8 million for a \$1.00 per barrel change in NGL prices. A swing of 50 cents per million BTUs in domestic gas prices affects quarterly pre-tax earnings by about \$35 million. These price change sensitivities include the impact of production sharing contract volume changes on income.
- Oil and gas cash production costs were \$14.50 a barrel for the first six months of 2012, compared with last year's twelve-month costs of \$12.84 a barrel. The cost increase reflects higher well maintenance activity, in part reflecting our higher well count, higher workover activity and higher support and injection costs.

- Taxes other than on income, which are directly related to product prices, were \$2.46 per barrel for the first six months of 2012, similar to last year's comparable period.
- Second quarter exploration expense was \$96 million.

Chemical segment earnings for the second quarter of 2012 were \$194 million, compared to \$184 million in the first quarter of 2012 and \$253 million for the second quarter of 2011. The sequential quarterly improvement was due to improved polyvinyl chloride (PVC) and vinyl chloride monomer (VCM) margins driven primarily by lower ethylene costs. The year-over-year decrease was the result of lower domestic and export caustic volumes, lower VCM export demand, and lower PVC and VCM export prices, partially offset by lower natural gas and ethylene costs.

Midstream segment earnings were \$77 million for the second quarter of 2012, compared to \$131 million in the first quarter of 2012 and \$187 million in the second quarter of 2011. The decline in earnings was mostly in the marketing and trading businesses and to a lesser degree in the gas plants, reflecting lower NGL prices, partially offset by improvements in the pipeline businesses.

The worldwide effective tax rate was 40 percent for the second quarter of 2012. Our second quarter U.S. and foreign tax rates are included in the "Investor Relations Supplemental Schedules."

Cash flow from operations for the first six months of 2012 was \$6.0 billion. We used \$5.1 billion of the company's total cash flow to fund capital expenditures and \$1.0 billion for acquisitions. Financial activities, which included dividends paid, stock buybacks and a \$1.75 billion borrowing during the quarter, provided a net \$800 million of cash flow.

These and other net cash flows resulted in a \$4.4 billion cash balance at June 30.

Capital expenditures for the first six months of 2012 were \$5.1 billion, of which \$2.7 billion was spent in the second quarter. Year-to-date capital expenditures by segment were 82 percent in oil and gas, 15 percent in midstream and the remainder in chemicals. The Al Hosn Shah gas project made up about 11 percent of the total capital spending for the first six months of 2012.

Our **acquisitions** for the first six months of 2012 were \$1.0 billion, mostly consisting of bolt-on acquisitions in the Williston basin, South Texas and the Permian.

The weighted-average basic shares outstanding for the first six months of 2012 were 810.4 million and the weighted-average diluted shares outstanding were 811.2 million. Fully diluted shares outstanding at the end of the quarter were approximately 810.0 million.

Our debt-to-capitalization ratio was 16 percent. At the end of the second quarter, we issued \$1.75 billion of senior notes at a weighted average interest rate of 2.4 percent, which brought the Company's average effective borrowing rate down to 3.0 percent.

Copies of the press release announcing our second quarter earnings and the Investor Relations Supplemental Schedules are available on our website at www.oxy.com or through the SEC's EDGAR system.

I will now turn the call over to Steve Chazen to provide guidance for the second half of the year.

Throughout this presentation, barrels may refer to barrels of oil, barrels of liquids or barrels of oil equivalents, which includes natural gas, as the content requires.

Occidental Petroleum Corporation

STEPHEN CHAZEN

President and Chief Executive Officer

– Conference Call –

Second Quarter 2012 Earnings Guidance

July 26, 2012

Los Angeles, California

Thank you Jim.

Occidental's second quarter 2012 production set an all-time record for the Company for the second consecutive quarter and the domestic oil and gas segment produced record volumes for the seventh consecutive quarter. The second quarter domestic production of 462,000 barrel equivalents per day, consisting of 322,000 barrels of liquids and 840 million cubic feet per day of gas, was an increase of 7,000 barrel equivalents per day compared to the first quarter of 2012. About 86 percent of the domestic production growth over first quarter 2012 was in liquids, which grew from 316,000 barrels a day to 322,000. Compared to the second quarter of 2011, our domestic production grew by 9 percent, or 38,000 barrels a day, of which 25,000 barrels per day was liquids production growth and 79 million cubic feet per day was gas.

Our annualized return on equity for the first six months of 2012 was 15 percent and return on capital employed was 13 percent.

Capital Program

We are raising our estimate of the total year capital program to \$9.2 billion, from our previously announced level of \$8.3 billion. Of the increase, about \$600 million is for the Al Hosn Shah gas project, with the remainder of the increase going to the rest of the Oil and Gas segment, primarily to non-operated properties where our forecasting ability is limited. We expect our capital spend rate to slow down modestly from the current levels during the back half of the year and stabilize in the fourth quarter.

The Al Hosn Shah gas project is approximately 49 percent complete and is progressing as planned. This project made up about 11 percent of our total capital program for the first six months of 2012. With spending continuing at current levels, we are increasing our anticipated spending in the remainder of 2012 as I just mentioned. However, total development capital for the project is expected to be in line with previous estimates.

In our domestic operations, we expect the total average rig count at current levels of about 75 to go down to an average of 70 by the end of the year. However, the mix of the rigs will shift among different regions related to changes in gas and NGL prices.

With our production growth wedge firmly in place for the back half of the year, we will focus our efforts on improving our profitability. This includes increased oil program rather than drilling gas/NGL wells. We are releasing and will continue to release underperforming rigs and crews. We will also work on improving our operating costs. These things are well within our ability to achieve. We expect to do more with less money in the rest of the year.

In California, we are continuing to see improvement with respect to permitting issues relative to last year. We have received approved field rules

and new permits for both injection wells and drilling locations. The regulatory agency continues to be responsive and committed to working through the backlog of permits.

The new Elk Hills gas plant, which went into operation in early July, will positively affect our operational efficiency and production in the back half of the year.

Production

Turning to production expectations in the back half of the year:

- Over the past year, we have generally achieved our 6,000 to 8,000 barrel a day quarter-over-quarter domestic production increase. We expect that we will achieve the high end of this range of increase through the rest of the year, which should give us an entry rate into the new year of at least 480,000 barrels a day. The increase will be spread among all of the domestic operations.
- Internationally, at current prices we expect production to increase modestly for the rest of the year, depending on spending levels in Iraq. This includes the effect of a drop in production at Dolphin to about 40,000 barrels a day starting in the third quarter, resulting from the full cost recovery of the pre-startup capital over the first five years since production commenced in July 2007.
- We expect international sales volumes in the third quarter of 2012 to be similar to the second quarter level.
- A \$5.00 change in global oil prices would impact our daily volumes by about 3,000 BOE per day. The financial impact of this volume change is incorporated into the product price sensitivities we have provided to you.

Additionally –

- We expect exploration expense to be about \$85 million for seismic and drilling for our exploration programs in the third quarter.
- The chemical segment third quarter earnings are estimated to be about \$175 million. Weakness in export demand, conditions in

Additionally –

- We expect exploration expense to be about \$85 million for seismic and drilling for our exploration programs in the third quarter.
- The chemical segment third quarter earnings are estimated to be about \$175 million. Weakness in export demand, conditions in Europe and China, slowdown in U.S. demand and rising U.S. natural gas costs will keep pressure on margins.
- We expect our combined worldwide tax rate in the third quarter of 2012 to increase to about 42 percent.

So to summarize:

- We closed the quarter with a second consecutive all-time record total Company production and the seventh consecutive record domestic oil and gas production. We increased our total domestic production by 7,000 barrels a day over the first quarter and by 38,000 barrels a day from the second quarter of 2011. Domestically, where we are the largest onshore liquids producer in the lower 48 states, our production increased by 9 percent from the second quarter of 2011. Our total production increased by 7 percent in the second quarter on a year-over-year basis;
- We are raising our estimate of the total year capital program to \$9.2 billion, from our previously announced level of \$8.3 billion. Of the increase, about \$600 million is for the Al Hosn Shah gas project with the remainder of the increase going to the rest of the oil and gas segment;

- The business generated cash flow from operations of \$6.0 billion in the first six months of 2012. We spent about \$5.1 billion of our cash flow on our capital program.

Now we're ready to take your questions.

Throughout this presentation, barrels may refer to barrels of oil, barrels of liquids or barrels of oil equivalents, which includes natural gas, as the content requires.

Occidental Petroleum Corporation
Return on Capital Employed (ROCE)
Reconciliation to Generally Accepted Accounting Principles (GAAP)

| | <u>2012</u> |
|--|---------------|
| RETURN ON CAPITAL EMPLOYED (%) | 12.9 |
| GAAP measure - net income attributable to common stock | 2,887 |
| Interest expense | 53 |
| Tax effect of interest expense | <u>(19)</u> |
| Earnings before tax-effected interest expense | <u>2,921</u> |
| GAAP stockholders' equity | 39,550 |
| Debt | 7,620 |
| Total capital employed | <u>47,170</u> |
| ROCE - Annualized for the six months of June 30, 2012 | 12.9 |

ROCE-ROE



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

| | <u>2Q 2012</u> | <u>2Q 2011</u> |
|---|-----------------|-----------------|
| Core Results | \$1,332 | \$1,819 |
| EPS - Diluted | \$1.64 | \$2.23 |
| Reported Net Income | \$1,328 | \$1,817 |
| EPS - Diluted | \$1.64 | \$2.23 |
| Total Worldwide Sales Volumes (mboe/day) | 759 | 705 |
| Total Worldwide Production Volumes (mboe/day) | 766 | 715 |
| Total Worldwide Crude Oil Realizations (\$/BBL) | \$99.34 | \$103.12 |
| Total Worldwide NGL Realizations (\$/BBL) | \$42.06 | \$57.67 |
| Domestic Natural Gas Realizations (\$/MCF) | \$2.09 | \$4.27 |
| Wtd. Average Basic Shares O/S (mm) | 810.3 | 812.5 |
| Wtd. Average Diluted Shares O/S (mm) | 811.0 | 813.3 |
| | <u>YTD 2012</u> | <u>YTD 2011</u> |
| Core Results | \$2,892 | \$3,412 |
| EPS - Diluted | \$3.56 | \$4.19 |
| Reported Net Income | \$2,887 | \$3,366 |
| EPS - Diluted | \$3.55 | \$4.13 |
| Total Worldwide Sales Volumes (mboe/day) | 752 | 717 |
| Total Worldwide Production Volumes (mboe/day) | 760 | 723 |
| Total Worldwide Crude Oil Realizations (\$/BBL) | \$103.63 | \$97.38 |
| Total Worldwide NGL Realizations (\$/BBL) | \$47.52 | \$55.38 |
| Domestic Natural Gas Realizations (\$/MCF) | \$2.46 | \$4.24 |
| Wtd. Average Basic Shares O/S (mm) | 810.4 | 812.5 |
| Wtd. Average Diluted Shares O/S (mm) | 811.2 | 813.3 |
| Shares Outstanding (mm) | 809.9 | 812.8 |
| Cash Flow from Operations | \$ 6,000 | \$ 5,600 |



OCCIDENTAL PETROLEUM
2012 Second Quarter
Net Income (Loss)
(\$ millions)

| | <u>Reported Income</u> | <u>Significant Items Affecting Income</u> | <u>Core Results</u> |
|--|----------------------------|---|-------------------------|
| Oil & Gas | \$ 2,043 | | \$ 2,043 |
| Chemical | 194 | | 194 |
| Midstream, marketing and other | 77 | | 77 |
| Corporate | | | |
| Interest expense, net | (25) | | (25) |
| Other | (82) | | (82) |
| Taxes | (875) | | (875) |
| Income from continuing operations | <u>1,332</u> | <u>-</u> | <u>1,332</u> |
| Discontinued operations, net of tax | (4) | 4 | - |
| Net Income | <u>\$ 1,328</u> | <u>\$ 4</u> | <u>\$ 1,332</u> |
| | | | |
| Basic Earnings Per Common Share | | | |
| Income from continuing operations | \$ 1.64 | | |
| Discontinued operations, net | - | | |
| Net Income | <u>\$ 1.64</u> | | <u>\$ 1.64</u> |
| | | | |
| Diluted Earnings Per Common Share | | | |
| Income from continuing operations | \$ 1.64 | | |
| Discontinued operations, net | - | | |
| Net Income | <u>\$ 1.64</u> | | <u>\$ 1.64</u> |



OCCIDENTAL PETROLEUM
2011 Second Quarter
Net Income (Loss)
(\$ millions)

| | <u>Reported Income</u> | <u>Significant Items Affecting Income</u> | <u>Core Results</u> |
|--|----------------------------|---|-------------------------|
| Oil & Gas | \$ 2,624 | | \$ 2,624 |
| Chemical | 253 | | 253 |
| Midstream, marketing and other | 187 | | 187 |
| Corporate | | | |
| Interest expense, net | (22) | | (22) |
| Other | (112) | | (112) |
| Taxes | (1,111) | | (1,111) |
| Income from continuing operations | <u>1,819</u> | <u>-</u> | <u>1,819</u> |
| Discontinued operations, net of tax | (2) | 2 | - |
| Net Income | <u>\$ 1,817</u> | <u>\$ 2</u> | <u>\$ 1,819</u> |
| | | | |
| Basic Earnings Per Common Share | | | |
| Income from continuing operations | \$ 2.23 | | |
| Discontinued operations, net | - | | |
| Net Income | <u>\$ 2.23</u> | | <u>\$ 2.23</u> |
| | | | |
| Diluted Earnings Per Common Share | | | |
| Income from continuing operations | \$ 2.23 | | |
| Discontinued operations, net | - | | |
| Net Income | <u>\$ 2.23</u> | | <u>\$ 2.23</u> |



OCCIDENTAL PETROLEUM
2012 Six Months
Net Income (Loss)
(\$ millions)

| | <u>Reported Income</u> | <u>Significant Items Affecting Income</u> | <u>Core Results</u> |
|--|----------------------------|---|-------------------------|
| Oil & Gas | \$ 4,547 | | \$ 4,547 |
| Chemical | 378 | | 378 |
| Midstream, marketing and other | 208 | | 208 |
| Corporate | | | |
| Interest expense, net | (53) | | (53) |
| Other | (174) | | (174) |
| Taxes | (2,014) | | (2,014) |
| Income from continuing operations | <u>2,892</u> | <u>-</u> | <u>2,892</u> |
| Discontinued operations, net of tax | (5) | 5 Discontinued operations, net | - |
| Net Income | <u>\$ 2,887</u> | <u>\$ 5</u> | <u>\$ 2,892</u> |
| Basic Earnings Per Common Share | | | |
| Income from continuing operations | \$ 3.56 | | |
| Discontinued operations, net | <u>(0.01)</u> | | |
| Net Income | <u>\$ 3.55</u> | | <u>\$ 3.56</u> |
| Diluted Earnings Per Common Share | | | |
| Income from continuing operations | \$ 3.56 | | |
| Discontinued operations, net | <u>(0.01)</u> | | |
| Net Income | <u>\$ 3.55</u> | | <u>\$ 3.56</u> |



OCCIDENTAL PETROLEUM
2011 Six Months
Net Income (Loss)
(\$ millions)

| | Reported Income | Significant Items Affecting Income | Core Results |
|--|----------------------------|--|-------------------------|
| Oil & Gas | \$ 5,092 | \$ 35 Libya exploration write-off (22) Gain on sale of Colombia pipeline interest 29 Foreign tax | \$ 5,134 |
| Chemical | 472 | | 472 |
| Midstream, marketing and other | 301 | | 301 |
| Corporate | | | |
| Interest expense, net | (236) | 163 Premium on debt extinguishments | (73) |
| Other | (240) | | (240) |
| Taxes | (2,165) | (50) Tax effect of adjustments 33 State income tax charge | (2,182) |
| Income from continuing operations | 3,224 | 188 | 3,412 |
| Discontinued operations, net of tax | 142 | (142) Discontinued operations, net | - |
| Net Income | \$ 3,366 | \$ 46 | \$ 3,412 |
| Basic Earnings Per Common Share | | | |
| Income from continuing operations | \$ 3.96 | | |
| Discontinued operations, net | 0.18 | | |
| Net Income | \$ 4.14 | | \$ 4.19 |
| Diluted Earnings Per Common Share | | | |
| Income from continuing operations | \$ 3.96 | | |
| Discontinued operations, net | 0.17 | | |
| Net Income | \$ 4.13 | | \$ 4.19 |



OCCIDENTAL PETROLEUM
Worldwide Effective Tax Rate

| | QUARTERLY | | | YEAR-TO-DATE | |
|-------------------------------------|---------------|---------------|---------------|------------------|------------------|
| | 2012 QTR 2 | 2012 QTR 1 | 2011 QTR 2 | 2012 6 Months | 2011 6 Months |
| REPORTED INCOME | | | | | |
| Oil & Gas | 2,043 | 2,504 | 2,624 | 4,547 | 5,092 |
| Chemicals | 194 | 184 | 253 | 378 | 472 |
| Midstream, marketing and other | 77 | 131 | 187 | 208 | 301 |
| Corporate & other | (107) | (120) | (134) | (227) | (476) |
| Pre-tax income | 2,207 | 2,699 | 2,930 | 4,906 | 5,389 |
| Income tax expense | | | | | |
| Federal and state | 254 | 446 | 557 | 700 | 927 |
| Foreign | 621 | 693 | 554 | 1,314 | 1,238 |
| Total | 875 | 1,139 | 1,111 | 2,014 | 2,165 |
| Income from continuing operations | 1,332 | 1,560 | 1,819 | 2,892 | 3,224 |
| Worldwide effective tax rate | 40% | 42% | 38% | 41% | 40% |
| | | | | | |
| | | | | | |
| CORE RESULTS | | | | | |
| Oil & Gas | 2,043 | 2,504 | 2,624 | 4,547 | 5,134 |
| Chemicals | 194 | 184 | 253 | 378 | 472 |
| Midstream, marketing and other | 77 | 131 | 187 | 208 | 301 |
| Corporate & other | (107) | (120) | (134) | (227) | (313) |
| Pre-tax income | 2,207 | 2,699 | 2,930 | 4,906 | 5,594 |
| Income tax expense | | | | | |
| Federal and state | 254 | 446 | 557 | 700 | 957 |
| Foreign | 621 | 693 | 554 | 1,314 | 1,225 |
| Total | 875 | 1,139 | 1,111 | 2,014 | 2,182 |
| Core results | 1,332 | 1,560 | 1,819 | 2,892 | 3,412 |
| Worldwide effective tax rate | 40% | 42% | 38% | 41% | 39% |

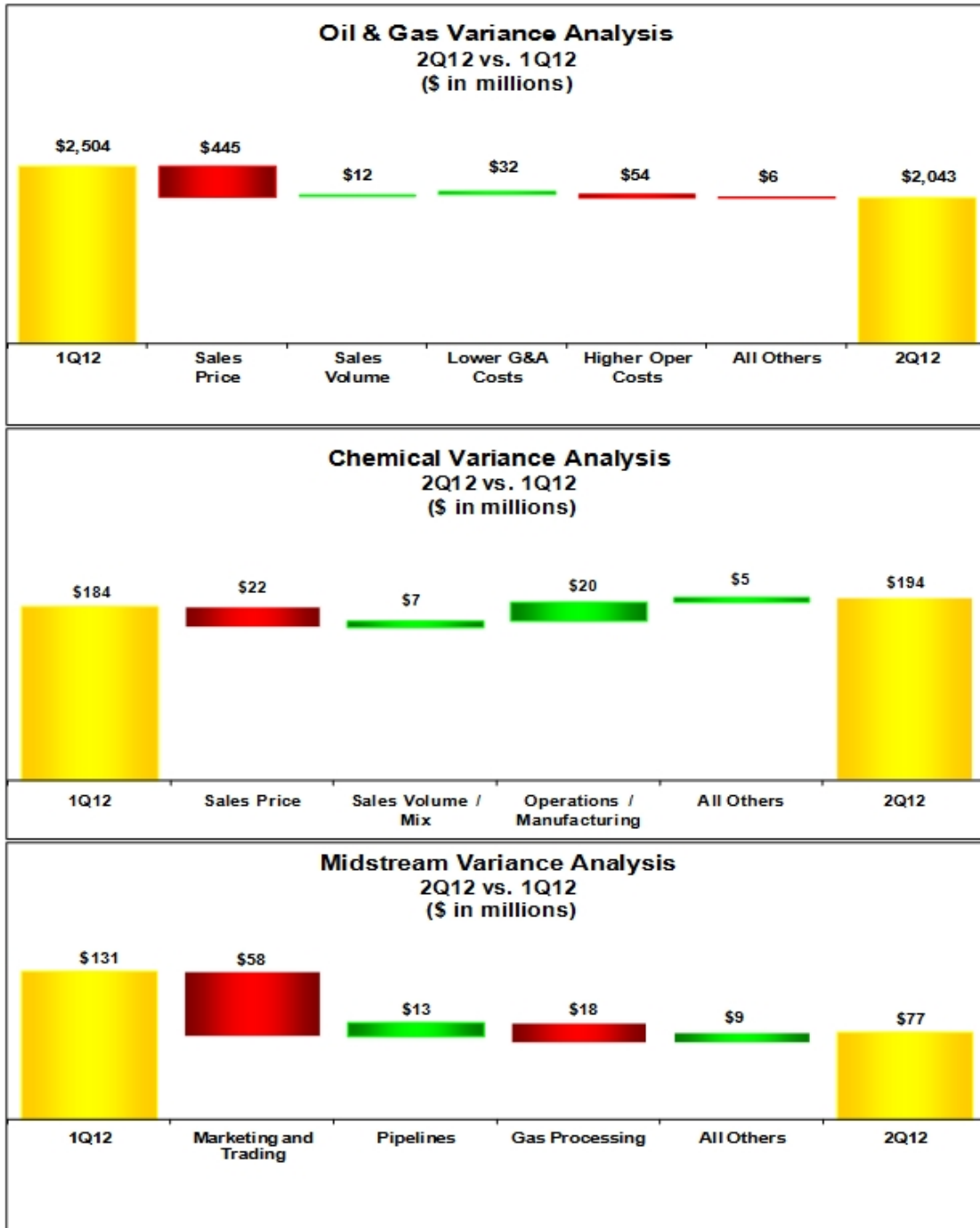


OCCIDENTAL PETROLEUM
2012 Second Quarter Net Income (Loss)
Reported Income Comparison

| | Second Quarter 2012 | First Quarter 2012 | B / (W) |
|-------------------------------------|---------------------------|--------------------------|-----------------|
| Oil & Gas | \$ 2,043 | \$ 2,504 | \$ (461) |
| Chemical | 194 | 184 | 10 |
| Midstream, marketing and other | 77 | 131 | (54) |
| Corporate | | | |
| Interest expense, net | (25) | (28) | 3 |
| Other | (82) | (92) | 10 |
| Taxes | (875) | (1,139) | 264 |
| Income from continuing operations | 1,332 | 1,560 | (228) |
| Discontinued operations, net | (4) | (1) | (3) |
| Net Income | <u>\$ 1,328</u> | <u>\$ 1,559</u> | <u>\$ (231)</u> |
| Earnings Per Common Share | | | |
| Basic | \$ 1.64 | \$ 1.92 | \$ (0.28) |
| Diluted | \$ 1.64 | \$ 1.92 | \$ (0.28) |
| Worldwide Effective Tax Rate | <u>40%</u> | <u>42%</u> | <u>2%</u> |

OCCIDENTAL PETROLEUM
2012 Second Quarter Net Income (Loss)
Core Results Comparison

| | Second Quarter 2012 | First Quarter 2012 | B / (W) |
|--------------------------------------|---------------------------|--------------------------|-----------------|
| Oil & Gas | \$ 2,043 | \$ 2,504 | \$ (461) |
| Chemical | 194 | 184 | 10 |
| Midstream, marketing and other | 77 | 131 | (54) |
| Corporate | | | |
| Interest expense, net | (25) | (28) | 3 |
| Other | (82) | (92) | 10 |
| Taxes | (875) | (1,139) | 264 |
| Core Results | <u>\$ 1,332</u> | <u>\$ 1,560</u> | <u>\$ (228)</u> |
| Core Results Per Common Share | | | |
| Basic | \$ 1.64 | \$ 1.92 | \$ (0.28) |
| Diluted | \$ 1.64 | \$ 1.92 | \$ (0.28) |
| Worldwide Effective Tax Rate | <u>40%</u> | <u>42%</u> | <u>2%</u> |



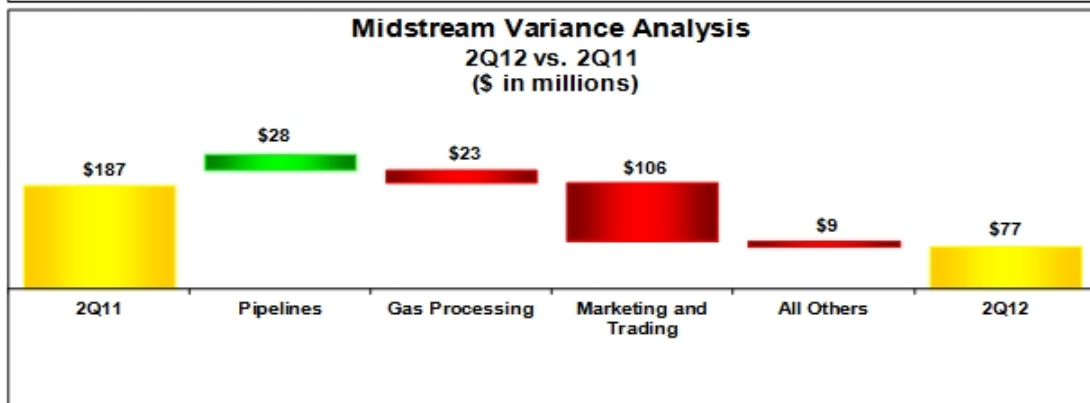
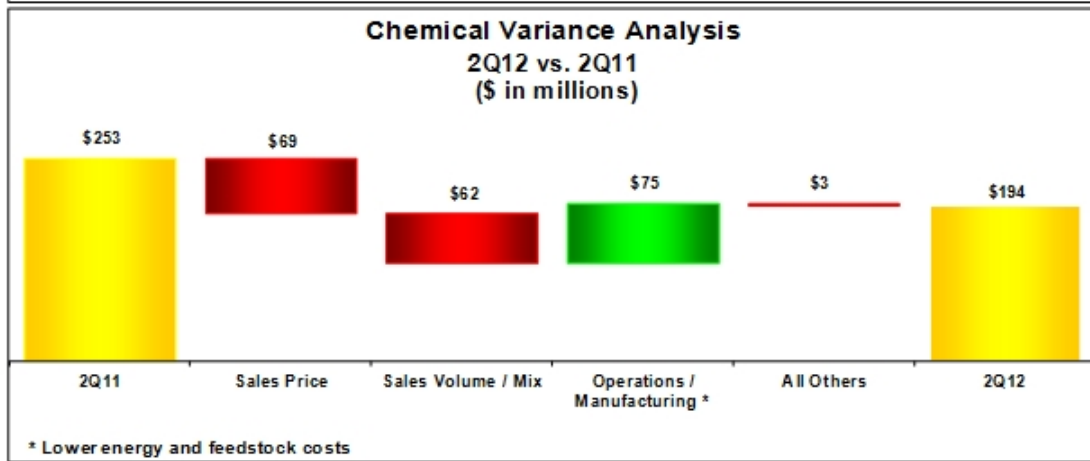
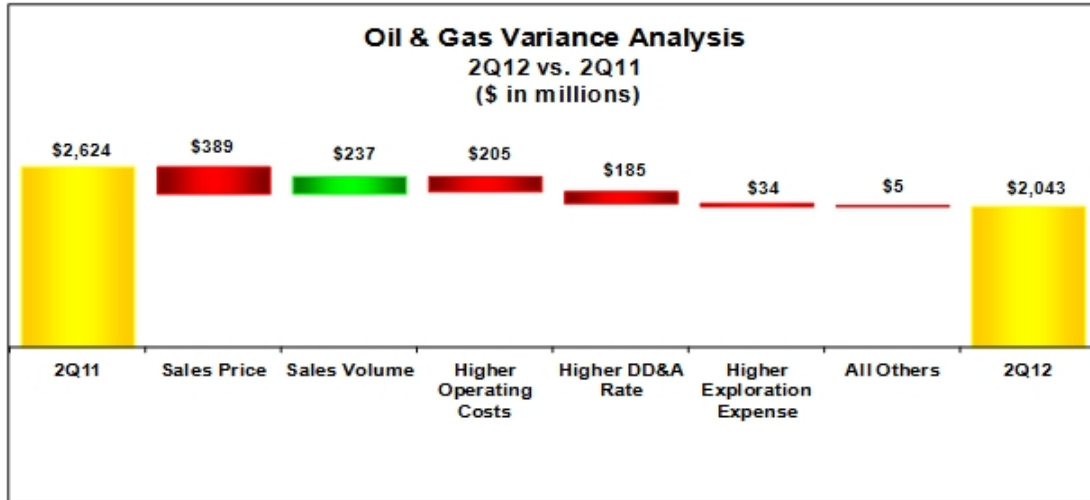


OCCIDENTAL PETROLEUM
2012 Second Quarter Net Income (Loss)
Reported Income Comparison

| | Second Quarter 2012 | Second Quarter 2011 | B / (W) |
|-------------------------------------|---------------------------|---------------------------|-----------------|
| Oil & Gas | \$ 2,043 | \$ 2,624 | \$ (581) |
| Chemical | 194 | 253 | (59) |
| Midstream, marketing and other | 77 | 187 | (110) |
| Corporate | | | |
| Interest expense, net | (25) | (22) | (3) |
| Other | (82) | (112) | 30 |
| Taxes | (875) | (1,111) | 236 |
| Income from continuing operations | 1,332 | 1,819 | (487) |
| Discontinued operations, net | (4) | (2) | (2) |
| Net Income | <u>\$ 1,328</u> | <u>\$ 1,817</u> | <u>\$ (489)</u> |
| Earnings Per Common Share | | | |
| Basic | \$ 1.64 | \$ 2.23 | \$ (0.59) |
| Diluted | \$ 1.64 | \$ 2.23 | \$ (0.59) |
| Worldwide Effective Tax Rate | <u>40%</u> | <u>38%</u> | <u>-2%</u> |

OCCIDENTAL PETROLEUM
2012 Second Quarter Net Income (Loss)
Core Results Comparison

| | Second Quarter 2012 | Second Quarter 2011 | B / (W) |
|--------------------------------------|---------------------------|---------------------------|-----------------|
| Oil & Gas | \$ 2,043 | \$ 2,624 | \$ (581) |
| Chemical | 194 | 253 | (59) |
| Midstream, marketing and other | 77 | 187 | (110) |
| Corporate | | | |
| Interest expense, net | (25) | (22) | (3) |
| Other | (82) | (112) | 30 |
| Taxes | (875) | (1,111) | 236 |
| Core Results | <u>\$ 1,332</u> | <u>\$ 1,819</u> | <u>\$ (487)</u> |
| Core Results Per Common Share | | | |
| Basic | \$ 1.64 | \$ 2.23 | \$ (0.59) |
| Diluted | \$ 1.64 | \$ 2.23 | \$ (0.59) |
| Worldwide Effective Tax Rate | <u>40%</u> | <u>38%</u> | <u>-2%</u> |





**OCCIDENTAL PETROLEUM
SUMMARY OF OPERATING STATISTICS**

| | Second Quarter | | Six Months | |
|---|----------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| NET PRODUCTION PER DAY: | | | | |
| United States | | | | |
| Crude Oil (MBBL) | | | | |
| California | 88 | 78 | 87 | 77 |
| Permian | 138 | 132 | 139 | 132 |
| Midcontinent and other | 23 | 16 | 20 | 15 |
| Total | 249 | 226 | 246 | 224 |
| NGL (MBBL) | | | | |
| California | 15 | 15 | 15 | 15 |
| Permian | 39 | 40 | 39 | 38 |
| Midcontinent and other | 19 | 16 | 19 | 12 |
| Total | 73 | 71 | 73 | 65 |
| Natural Gas (MMCF) | | | | |
| California | 269 | 252 | 268 | 247 |
| Permian | 151 | 143 | 153 | 154 |
| Midcontinent and other | 420 | 366 | 416 | 347 |
| Total | 840 | 761 | 837 | 748 |
| Latin America | | | | |
| Crude Oil (MBBL) | | | | |
| Colombia | 31 | 30 | 27 | 31 |
| Natural Gas (MMCF) | | | | |
| Bolivia | 14 | 16 | 14 | 16 |
| Middle East / North Africa | | | | |
| Crude Oil (MBBL) | | | | |
| Bahrain | 4 | 3 | 4 | 3 |
| Dolphin | 9 | 10 | 9 | 10 |
| Oman | 62 | 68 | 63 | 67 |
| Qatar | 74 | 68 | 73 | 72 |
| Other | 32 | 28 | 37 | 43 |
| Total | 181 | 177 | 186 | 195 |
| NGL (MBBL) | | | | |
| Dolphin | 9 | 11 | 9 | 10 |
| Natural Gas (MMCF) | | | | |
| Bahrain | 230 | 172 | 224 | 172 |
| Dolphin | 194 | 203 | 183 | 199 |
| Oman | 57 | 49 | 57 | 50 |
| Total | 481 | 424 | 464 | 421 |
| Barrels of Oil Equivalent (MBOE) | 766 | 715 | 760 | 723 |



OCCIDENTAL PETROLEUM
SUMMARY OF OPERATING STATISTICS

| | Second Quarter | | Six Months | |
|---|----------------|------------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| NET SALES VOLUMES PER DAY: | | | | |
| United States | | | | |
| Crude Oil (MBBL) | 249 | 226 | 246 | 224 |
| NGL (MBBL) | 73 | 71 | 73 | 65 |
| Natural Gas (MMCF) | 835 | 761 | 835 | 748 |
| Latin America | | | | |
| Crude Oil (MBBL) | 31 | 30 | 27 | 31 |
| Natural Gas (MMCF) | 14 | 16 | 14 | 16 |
| Middle East / North Africa | | | | |
| Crude Oil (MBBL) | | | | |
| Bahrain | 4 | 3 | 4 | 3 |
| Dolphin | 8 | 10 | 8 | 10 |
| Oman | 60 | 66 | 63 | 69 |
| Qatar | 73 | 65 | 71 | 71 |
| Other | 30 | 23 | 32 | 36 |
| Total | 175 | 167 | 178 | 189 |
| NGL (MBBL) | | | | |
| Dolphin | 9 | 11 | 9 | 10 |
| Natural Gas (MMCF) | 481 | 424 | 464 | 421 |
| Barrels of Oil Equivalent (MBOE) | 759 | 705 | 752 | 717 |



**OCCIDENTAL PETROLEUM
SUMMARY OF OPERATING STATISTICS**

| | Second Quarter | | Six Months | |
|-----------------------------------|----------------|--------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| OIL & GAS: | | | | |
| PRICES | | | | |
| United States | | | | |
| Crude Oil (\$/BBL) | 92.34 | 98.74 | 97.88 | 93.45 |
| NGL (\$/BBL) | 43.75 | 61.30 | 49.14 | 58.87 |
| Natural gas (\$/MCF) | 2.09 | 4.27 | 2.46 | 4.24 |
| Latin America | | | | |
| Crude Oil (\$/BBL) | 98.15 | 103.22 | 100.40 | 97.75 |
| Natural Gas (\$/MCF) | 12.06 | 9.55 | 11.84 | 8.88 |
| Middle East / North Africa | | | | |
| Crude Oil (\$/BBL) | 109.70 | 109.11 | 112.28 | 102.05 |
| NGL (\$/BBL) | 29.32 | 33.50 | 34.76 | 33.71 |
| Total Worldwide | | | | |
| Crude Oil (\$/BBL) | 99.34 | 103.12 | 103.63 | 97.38 |
| NGL (\$/BBL) | 42.06 | 57.67 | 47.52 | 55.38 |
| Natural Gas (\$/MCF) | 1.72 | 3.12 | 1.97 | 3.08 |
| | | | | |
| | Second Quarter | | Six Months | |
| | 2012 | 2011 | 2012 | 2011 |
| Exploration Expense | | | | |
| United States | \$ 80 | \$ 59 | \$ 141 | \$ 99 |
| Latin America | - | - | - | - |
| Middle East / North Africa | 16 | 3 | 53 | 47 |
| TOTAL REPORTED | \$ 96 | \$ 62 | \$ 194 | \$ 146 |
| Less - non-core impairments | - | - | - | (35) |
| TOTAL CORE | \$ 96 | \$ 62 | \$ 194 | \$ 111 |



**OCCIDENTAL PETROLEUM
SUMMARY OF OPERATING STATISTICS**

| | Second Quarter | | Six Months | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Capital Expenditures (\$MM) | | | | |
| Oil & Gas | | | | |
| California | \$ 580 | \$ 413 | \$ 1,103 | \$ 721 |
| Permian | 508 | 237 | 937 | 453 |
| Midcontinent and other | 418 | 234 | 842 | 414 |
| Latin America | 67 | 45 | 109 | 87 |
| Middle East / North Africa | 430 | 303 | 858 | 655 |
| Exploration | 183 | 111 | 354 | 176 |
| Chemicals | 75 | 37 | 117 | 59 |
| Midstream, marketing and other | 422 | 243 | 754 | 370 |
| Corporate | 30 | 10 | 51 | 23 |
| TOTAL | \$ 2,713 | \$ 1,633 | \$ 5,125 | \$ 2,958 |

| | Second Quarter | | Six Months | |
|--|-----------------|---------------|-----------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Depreciation, Depletion & Amortization of Assets (\$MM) | | | | |
| Oil & Gas | | | | |
| Domestic | \$ 582 | \$ 410 | \$ 1,170 | \$ 817 |
| Latin America | 31 | 21 | 56 | 49 |
| Middle East / North Africa | 328 | 274 | 663 | 596 |
| Chemicals | 86 | 85 | 171 | 167 |
| Midstream, marketing and other | 54 | 44 | 100 | 89 |
| Corporate | 6 | 5 | 12 | 11 |
| TOTAL | \$ 1,087 | \$ 839 | \$ 2,172 | \$ 1,729 |



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

| | 30-Jun-12 | 31-Dec-11 |
|--|------------------|------------------|
| CAPITALIZATION | | |
| Long-Term Debt (including short-term borrowings) | \$ 7,620 | \$ 5,871 |
| EQUITY | \$ 39,550 | \$ 37,620 |
| Total Debt To Total Capitalization | 16% | 13% |

Occidental Petroleum Corporation

Second Quarter 2012 Earnings Conference Call

July 26, 2012



Second Quarter 2012 Earnings - Highlights

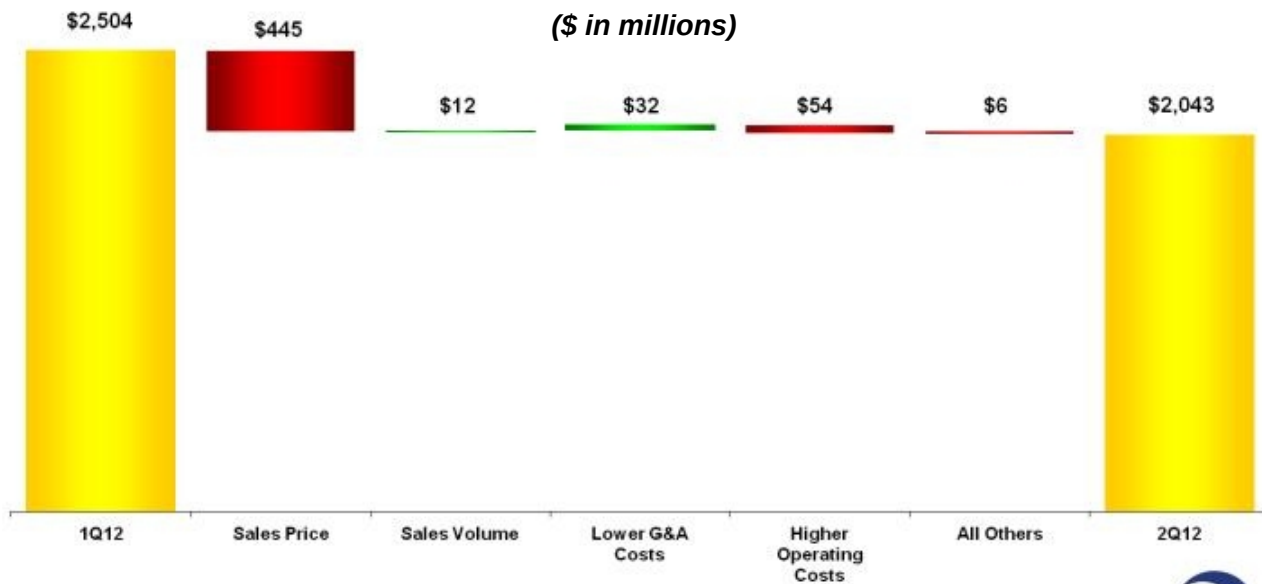
- **Net Income - \$1.3 Billion in 2Q12 vs. \$1.8 Billion in 2Q11 and \$1.6 Billion in 1Q12.**
 - *EPS \$1.64 (diluted) vs. \$2.23 (diluted) in 2Q11 and \$1.92 (diluted) in 1Q12.*
- *All of the drop in 2Q12 earnings compared to 1Q12 was attributable to the decline in commodity prices.*
- *Worldwide oil and domestic gas and NGL prices were significantly lower during the quarter.*



Second Quarter 2012 Earnings - Oil & Gas Segment Variance Analysis - 2Q12 vs. 1Q12

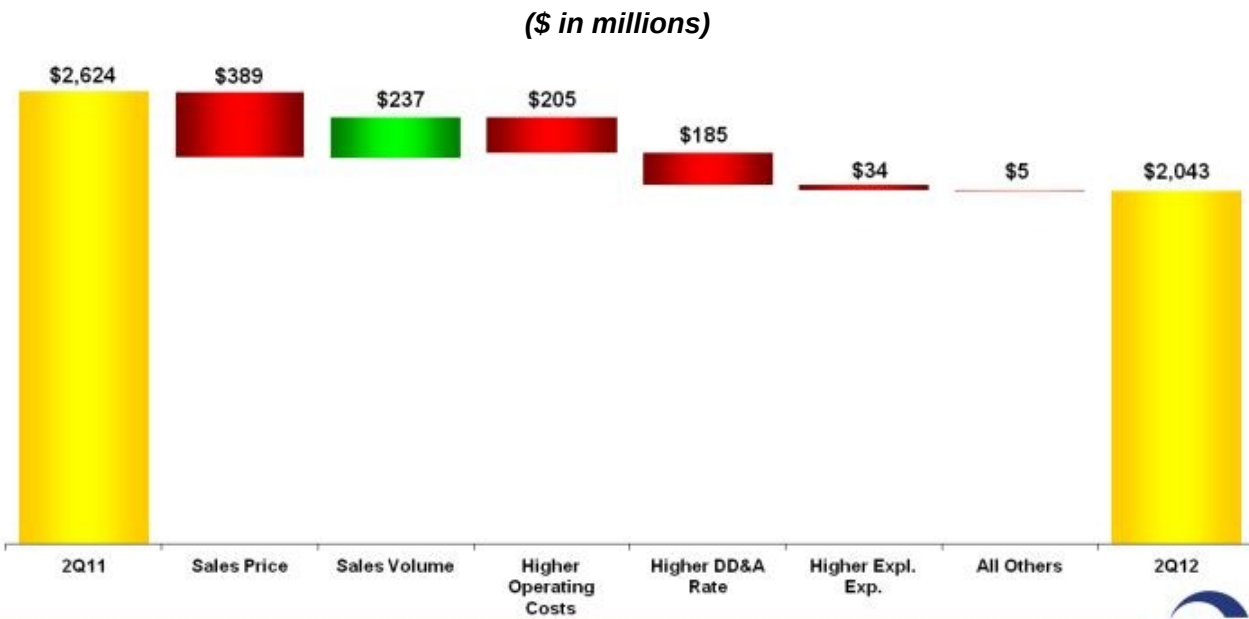
- **Core Results for 2Q12 of \$2.0 B vs. \$2.5 B in 1Q12**

- All of the drop in 2Q12 earnings compared to 1Q12 was attributable to the decline in commodity prices. Worldwide oil and domestic gas and NGL prices were significantly lower during the quarter.



Second Quarter 2012 Earnings - Oil & Gas Segment Variance Analysis - 2Q12 vs. 2Q11

- Core Results for 2Q12 of \$2.0 B vs. \$2.6 B in 2Q11



Second Quarter 2012 Earnings - Oil & Gas Production

| | <u>2Q12</u> | <u>2Q11</u> |
|---|-------------|-------------|
| Oil and Gas Production Volumes (mboe/d) | 766 | 715 |

- *The highest volume in the Company's history for the second consecutive quarter, +7% year-over-year.*
- *Our total domestic production was 462 mboe/d, the seventh consecutive domestic quarterly volume record for the company.*
- *Our total domestic production was 9% higher than 2Q11.*
- *Latin America volumes were 33 mboe/d.*
 - *Colombia's production of 31 mb/d improved 7 mb/d from 1Q12 due to significantly lower levels of insurgent activity during 2Q12.*



Second Quarter 2012 Earnings - Oil & Gas Production

- ***In the Middle East region, volumes were 271 mboe/d:***
 - *In Oman, 2Q12 production was 72 mboe/d, 2 mboe/d lower than 1Q12 volumes.*
 - *In Qatar, 2Q12 production was 74 mb/d, 2 mb/d higher than 1Q12 volumes.*
 - *For Dolphin and Bahrain combined, daily production increased 7 mboe/d from 1Q12, which included planned plant shutdowns in Dolphin.*
 - *The rest of the Middle East/North Africa production decreased by 10 mboe/d.*
 - *Oil prices and production sharing and similar contract factors did not significantly impact this quarter's production volumes compared to the previous quarter or 2Q11.*
 - *Our 2Q12 sales volumes were 759 mboe/d, slightly lower than our production volumes, due to the timing of liftings in the Middle East/North Africa.*



Second Quarter 2012 Earnings - Oil & Gas Segment - Realized Prices

- **2Q12 realized prices were lower for our products compared to 1Q12.**
 - *Our worldwide crude oil realized price was \$99.34 per barrel, a decrease of about 8%;*
 - *worldwide NGLs were \$42.06 per barrel, a decrease of about 20%, and;*
 - *domestic natural gas prices were \$2.09 per MCF, a decline of 26%.*
- **2Q12 realized prices were also lower than 2Q11 prices for all our products.**
 - *On a year-over-year basis, price decreases were 4% for worldwide crude oil;*
 - *27% for worldwide NGLs, and;*
 - *51% percent for domestic natural gas.*



Second Quarter 2012 Earnings - Oil & Gas Segment - Realized Prices

- **Realized oil prices for the quarter represented 106% of the average WTI and 91% of the average Brent price.**
- **Realized NGL prices were 45% of WTI and realized domestic gas prices were 92% of the average NYMEX price.**
- **Price changes at current global prices affect our quarterly earnings before income taxes by \$38 mm for a \$1.00 per barrel change in oil prices and \$8 mm for a \$1.00 per barrel change in NGL prices.**
- **A swing of 50 cents per million BTUs in domestic gas prices affects quarterly pre-tax earnings by about \$35 mm.**
 - *These price change sensitivities include the impact of production-sharing contract volume changes on income.*



Second Quarter 2012 Earnings - Oil & Gas Segment

| | <u>2Q12</u> | <u>2Q11</u> |
|----------------------------------|-------------|-------------|
| Reported Segment Earnings (\$mm) | \$2,043 | \$2,624 |
| WTI Oil Price (\$/bbl) | \$93.49 | \$102.56 |
| Brent Oil Price (\$/bbl) | \$108.90 | \$117.36 |
| NYMEX Gas Price (\$/mcf) | \$2.28 | \$4.23 |

Oxy's Realized Prices

| | | |
|---|----------------|-----------------|
| <i>Worldwide Oil (\$/bbl)</i> <i>- 4% year-over-year</i> | <i>\$99.34</i> | <i>\$103.12</i> |
| <i>Worldwide NGLs (\$/bbl)</i> <i>- 27% year-over-year</i> | <i>\$42.06</i> | <i>\$57.67</i> |
| <i>US Natural Gas (\$/mcf)</i> <i>- 51% year-over-year</i> | <i>\$2.09</i> | <i>\$4.27</i> |



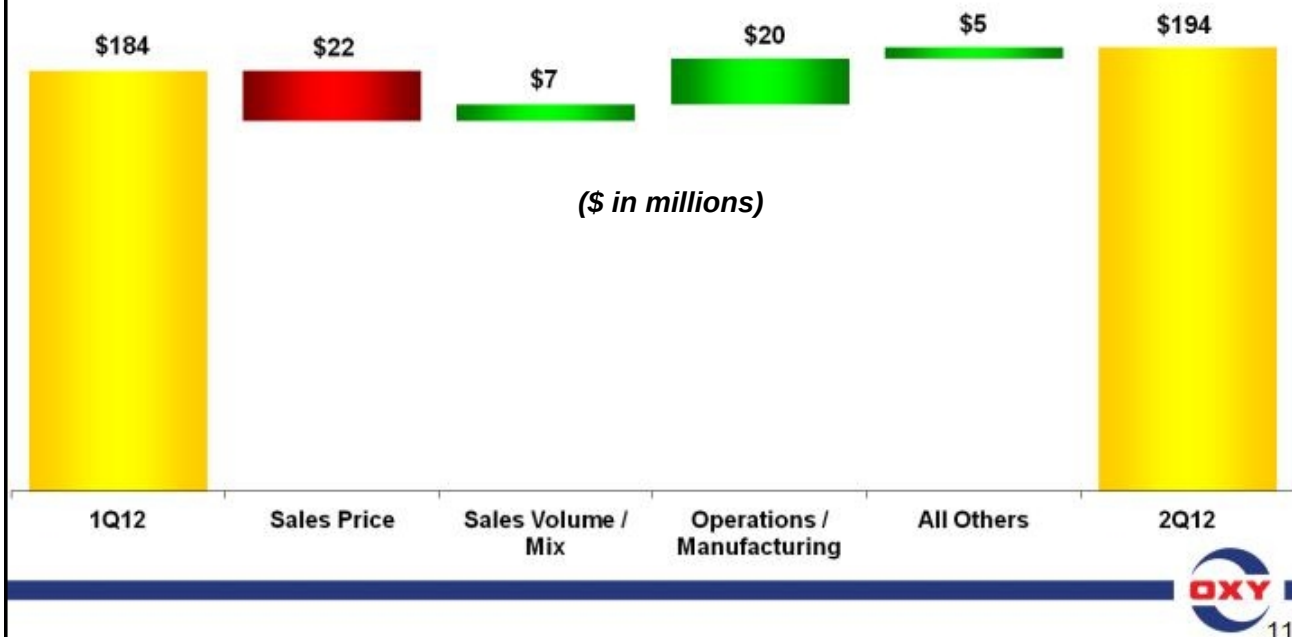
Second Quarter 2012 Earnings - Oil & Gas Segment - Production Costs and Taxes

- **Oil and gas cash production costs were \$14.50 a boe for the first six months of 2012, compared with last year's twelve-month costs of \$12.84 a boe.**
 - *The cost increase reflects higher well maintenance activity, in part reflecting our higher well count, higher workover activity and higher support and injection costs.*
- **Taxes other than on income, which are directly related to product prices, were \$2.46 per boe for the first six months of 2012, similar to last year's comparable period.**
- **2Q12 exploration expense was \$96 million.**



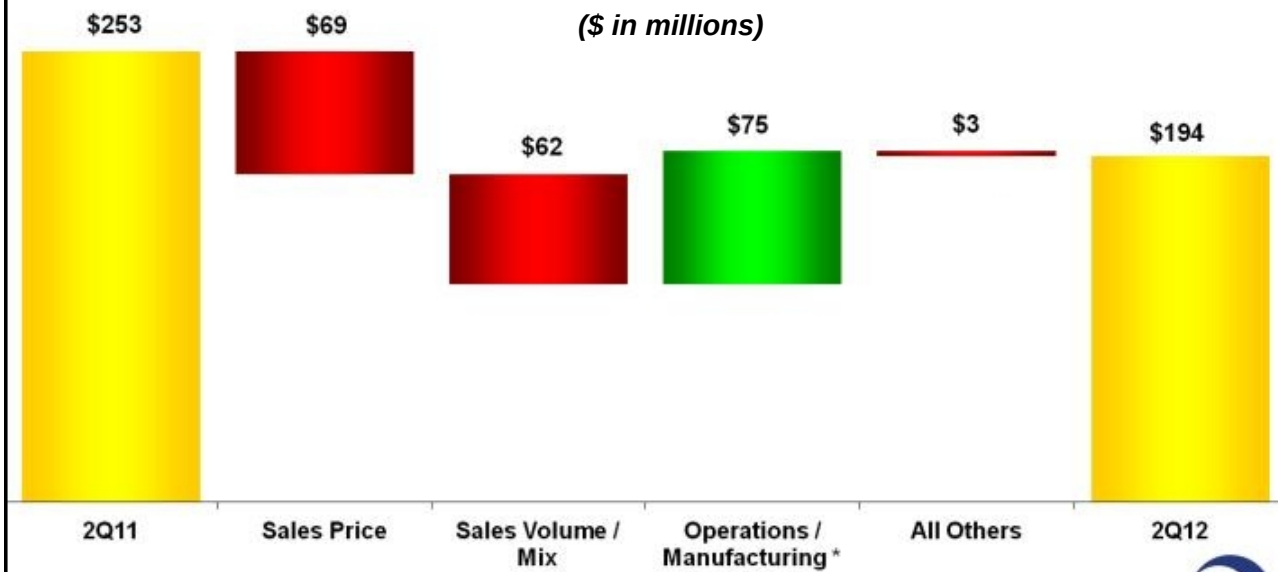
Second Quarter 2012 Earnings - Chemical Segment Variance Analysis - 2Q12 vs. 1Q12

- **Core Results for 2Q12 were \$194 mm vs. \$184 mm in 1Q12.**
 - The sequential quarterly improvement was due to improved polyvinyl chloride (PVC) and vinyl chloride monomer (VCM) margins driven primarily by lower ethylene costs.



Second Quarter 2012 Earnings - Chemical Segment Variance Analysis - 2Q12 vs. 2Q11

- **Core Results for 2Q12 were \$194 mm vs. \$253 mm in 2Q11.**
 - The year-over-year decrease was the result of lower domestic and export caustic volumes, lower VCM export demand, and lower PVC and VCM export prices, partially offset by lower natural gas and ethylene costs.

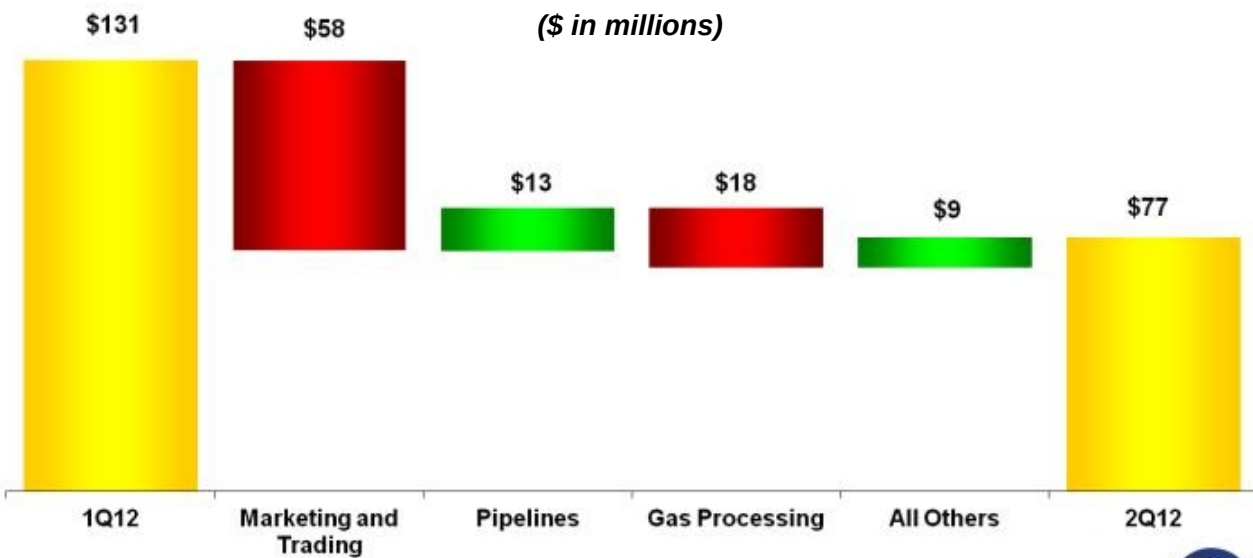


*Lower energy and feedstock costs



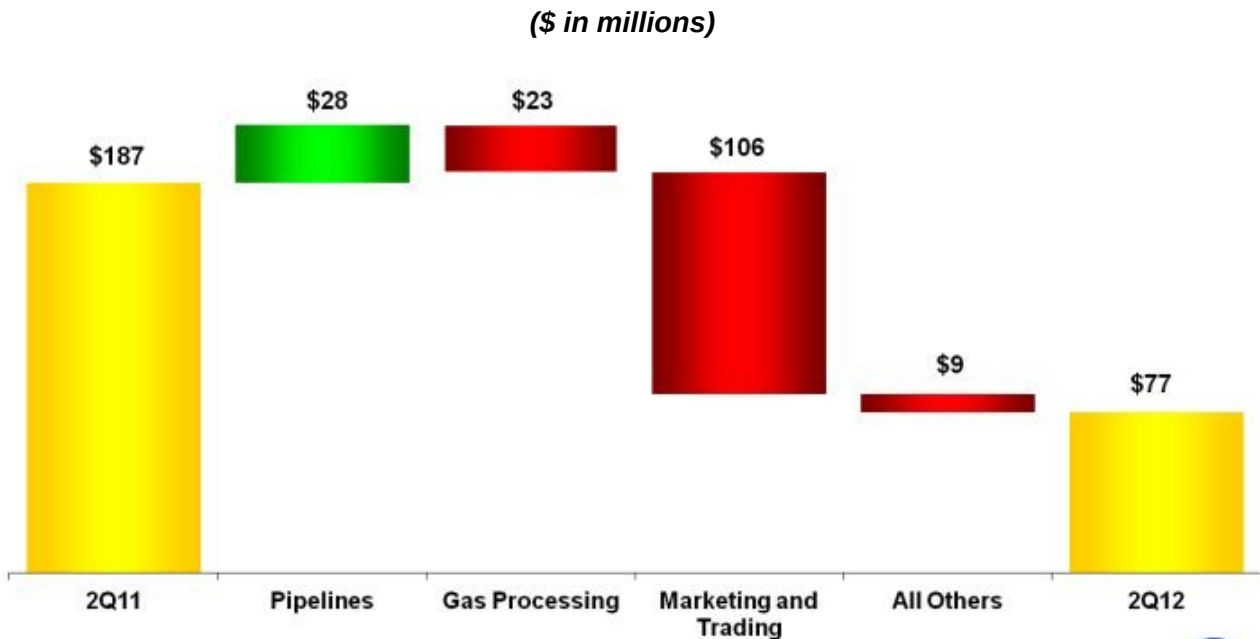
Second Quarter 2012 Earnings - Midstream Segment Variance Analysis - 2Q12 vs. 1Q12

- **Core Results for 2Q12 were \$77 mm vs. \$131 mm in 1Q12.**
 - The decline in earnings was mostly in the marketing and trading businesses and to a lesser degree in the gas plants, reflecting lower NGL prices, partially offset by improvements in the pipeline businesses.



Second Quarter 2012 Earnings - Midstream Segment Variance Analysis - 2Q12 vs. 2Q11

- Core Results for 2Q12 were \$77 mm vs. \$187 mm in 2Q11.



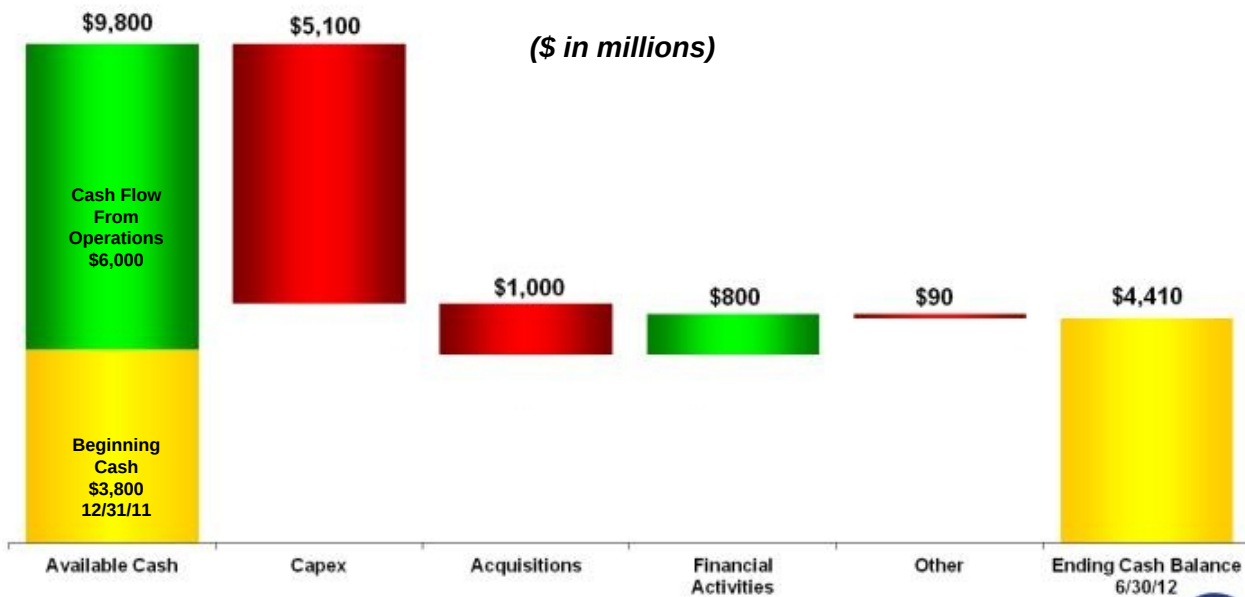
Second Quarter 2012 Earnings - Taxes

- *The worldwide effective tax rate was 40% for 2Q12.*
- *Our 2Q12 U.S. and foreign tax rates are included in the “Investor Relations Supplemental Schedules.”*



Second Quarter 2012 Earnings - 2012 YTD Cash Flow

– Cash flow from operations for the first six months of 2012 was \$6 billion. We used \$5.1 billion of the company's total cash flow to fund capital expenditures and \$1 billion for acquisitions. Financial activities, which included dividends paid, stock buybacks and a \$1.75 billion borrowing during the quarter, provided a net \$800 million of cash flow.



Second Quarter 2012 Earnings - Capital Expenditures & Acquisitions

- ***Capital expenditures for the first six months of 2012 were \$5.1 billion, of which \$2.7 billion was spent in 2Q12.***
- ***Year-to-date capital expenditures by segment were 82% in oil and gas, 15% in midstream and the remainder in chemicals.***
- ***The Al Hosn Shah gas project made up about 11% of the total capital spending for the first six months of 2012.***
- ***Our acquisitions for the first six months of 2012 were \$1 billion, mostly consisting of bolt-on acquisitions in the Williston basin, South Texas and the Permian.***



Second Quarter 2012 Earnings - Shares Outstanding & Debt/Capital

| Shares Outstanding (mm) | <u>2H12</u> | <u>6/30/12</u> |
|----------------------------|----------------|-----------------|
| Weighted Average Basic | 810.4 | |
| Weighted Average Diluted | 811.2 | |
| Basic Shares Outstanding | | 809.4 |
| Diluted Shares Outstanding | | 810.0 |
| | <u>6/30/12</u> | <u>12/31/11</u> |
| Debt/Capital | 16% | 13% |

- *At the end of 2Q12, we issued \$1.75 billion of senior notes at a weighted average interest rate of 2.4%, which brought the Company's average effective borrowing rate down to 3.0%.*



Second Quarter 2012 Earnings - Key Performance Metrics

- ***Occidental's 2Q12 production set an all-time record for the Company for the second consecutive quarter and the domestic oil and gas segment produced record volumes for the seventh consecutive quarter.***
- ***2Q12 domestic production of 462 mboe/d, consisting of 322 mb/d of liquids and 840 mmcf/d of gas, was an increase of 7 mboe/d compared to 1Q12.***
- ***About 86% of the domestic production growth over 1Q12 was in liquids, which grew from 316 mb/d to 322 mb/d.***
- ***Compared to 2Q11, our domestic production grew by 9%, or 38 mboe/d, of which 25 mb/d was liquids production growth and 79 mmcf/d was gas.***
- ***Our annualized return on equity for the first six months of 2012 was 15% and return on capital employed was 13%.***

Note: See attached GAAP reconciliation.

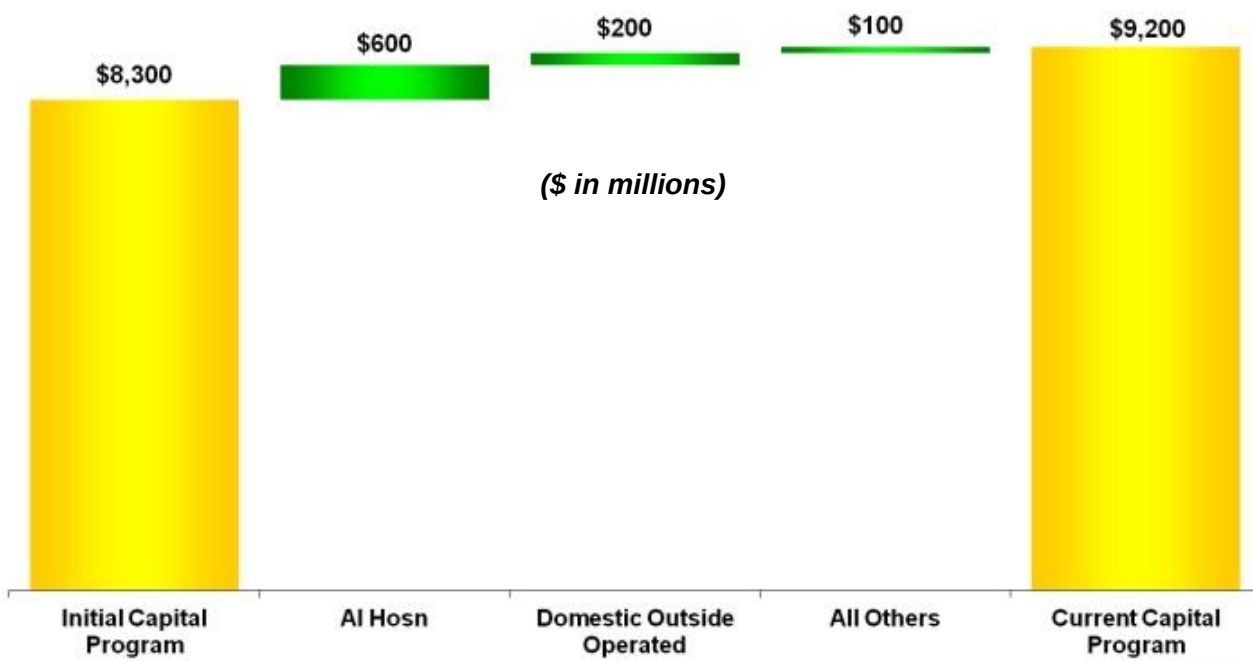


Second Quarter 2012 Earnings - Capital Program

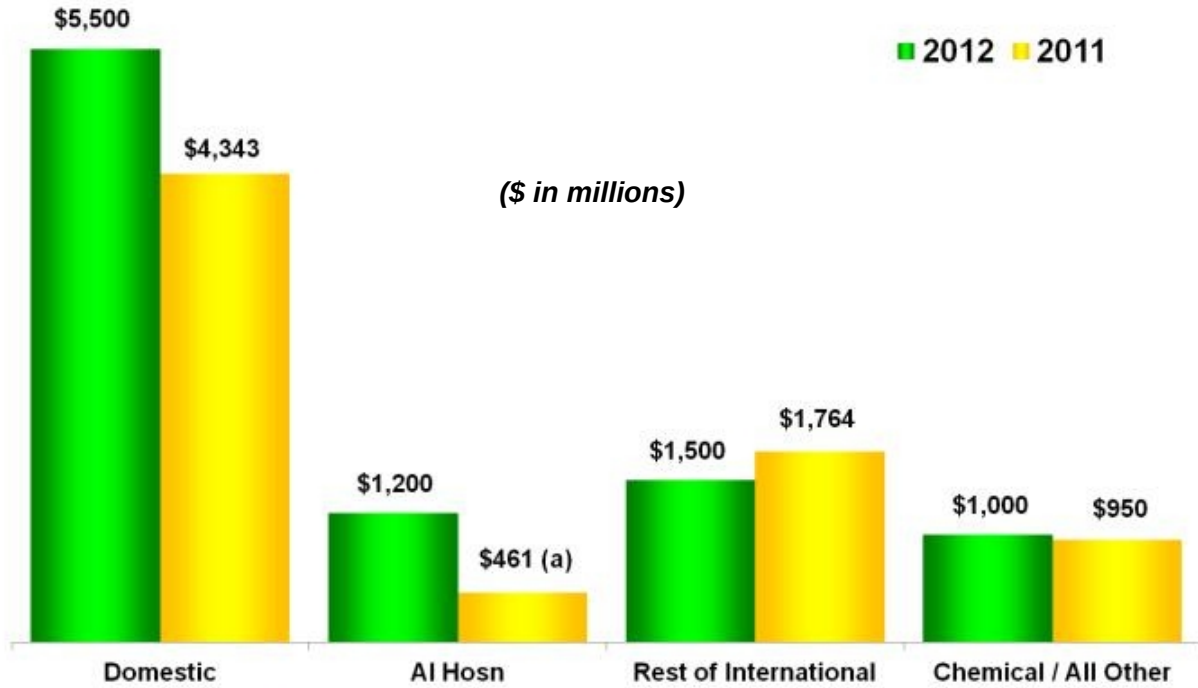
- *We are raising our estimate of the total year capital program to \$9.2 billion, from our previously announced level of \$8.3 billion.*
- *Of the increase, about \$600 million is for the Al Hosn Shah gas project, with the remainder of the increase going to the rest of the Oil and Gas segment, primarily to non-operated properties where our forecasting ability is limited.*
- *We expect our capital spend rate to slow down modestly from the current levels during the back half of the year and stabilize in 4Q12.*



Second Quarter 2012 Earnings - 2012 Updated Capital Expenditure Program



Second Quarter 2012 Earnings - 2012 vs. 2011 Capital Program



(a) Excludes the \$500 million development costs, incurred by the project prior to the effective date of our participation, which was paid at the date of the signing of the Al Hosn Shah Field Development Project.



Second Quarter 2012 Earnings - Capital Program - Al Hosn

- *The Al Hosn Shah gas project is approximately 49% complete and is progressing as planned.*
- *This project made up about 11% of our total capital program for the first six months of 2012.*
- *With spending continuing at current levels, we are increasing our anticipated spending in the remainder of 2012 as just mentioned.*
- *However, total development capital for the project is expected to be in line with previous estimates.*



Second Quarter 2012 Earnings - Capital Program - Domestic Operations

- *In our domestic operations, we expect the total average rig count at current levels of about 75 to go down to an average of 70 by the end of the year.*
- *However, the mix of the rigs will shift among different regions related to changes in gas and NGL prices.*
- *With our production growth wedge firmly in place for the back half of the year, we will focus our efforts on improving our profitability.*
- *This includes an increased oil program rather than drilling gas/NGL wells.*
- *We are releasing and will continue to release underperforming rigs and crews.*
- *We will also work on improving our operating costs.*
- *These things are well within our ability to achieve. We expect to do more with less money in the rest of the year.*



Second Quarter 2012 Earnings - Capital Program - Domestic Operations

- ***In California, we are continuing to see improvement with respect to permitting issues relative to last year.***
 - *We have received approved field rules and new permits for both injection wells and drilling locations.*
 - *The regulatory agency continues to be responsive and committed to working through the backlog of permits.*
- ***The new Elk Hills gas plant, which went into operation in early July, will positively affect our operational efficiency and production in the back half of the year.***



Second Quarter 2012 Earnings - Oil and Gas - 2H12 Outlook

- **As we look ahead to production expectations in 2H12:**
 - Over the past year, we have generally achieved our 6 to 8 mboe/d quarter-over-quarter domestic production increase.
 - We expect that we will achieve the high end of this range of increase through the rest of the year, which should give us an entry rate into the new year of at least 480 mboe/d.
 - The increase will be spread among all of the domestic operations.
- **Internationally, at current prices we expect production to increase modestly for the rest of the year, depending on spending levels in Iraq.**
 - This includes the effect of a drop in production at Dolphin to about 40 mboe/d starting in 3Q12, resulting from the full cost recovery of the pre-startup capital over the first five years since production commenced in July 2007.
 - We expect international sales volumes in 3Q12 to be similar to the 2Q12 level.



Second Quarter 2012 Earnings - Oil and Gas - 2H12 Outlook

- *A \$5.00 change in global oil prices would impact our daily volumes by about 3 mboe/d. The financial impact of this volume change is incorporated into the product price sensitivities we have provided.*
- *We expect exploration expense to be about \$85 million for seismic and drilling for our exploration programs in 3Q12.*



Second Quarter 2012 Earnings - 3Q12 Outlook - Chemicals & Taxes

- ***The chemical segment 3Q12 earnings are estimated to be about \$175 million.***
 - *Weakness in export demand, conditions in Europe and China, slowdown in U.S. demand and rising US natural gas costs will keep pressure on margins.*
- ***We expect our combined worldwide tax rate in 3Q12 to increase to about 42%.***



Second Quarter 2012 Earnings - Summary

- **To summarize: We closed the quarter with a second consecutive all-time record total Company production and the seventh consecutive record domestic oil and gas production.**
 - We increased our total domestic production by 7 mboe/d over 1Q12 and by 38 mboe/d from 2Q11.
 - Domestically, where we are the largest onshore liquids producer in the lower 48 states, our production increased by 9% from 2Q11.
 - Our total production increased by 7% in 2Q12 on a year-over-year basis;
- **We are raising our estimate of the total year capital program to \$9.2 billion, from our previously announced level of \$8.3 billion.**
 - Of the increase, about \$600 million is for the Al Hosn Shah gas project with the remainder of the increase going to the rest of the oil and gas segment;
- **The business generated cash flow from operations of \$6 billion in the first six months of 2012.**
 - We spent about \$5.1 billion of our cash flow on our capital program.





Forward-Looking Statements

Portions of this report contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; supply and demand considerations for Occidental's products; general domestic political and regulatory approval conditions; higher-than-expected costs; international political conditions; not successfully completing, or any material delay of, any development of new fields, expansion projects, capital expenditures, efficiency-improvement projects, acquisitions or dispositions; potential failure to achieve expected production from existing and future oil and gas development projects or acquisitions; exploration risks such as drilling unsuccessful wells; any general economic recession or slowdown domestically or internationally; potential liability for remedial actions under existing or future environmental regulations and litigation; potential liability resulting from pending or future litigation; potential disruption or interruption of Occidental's production or manufacturing or damage to facilities due to accidents, chemical releases, labor unrest, weather, natural disasters, political events or insurgent activity; failure of risk management; changes in law or regulations; or changes in tax rates. Words such as "estimate", "project", "predict", "will", "would", "should", "could", "may", "might", "anticipate", "plan", "intend", "believe", "expect", "aim", "goal", "target", "objective", "likely" or similar expressions that convey the uncertainty of future events or outcomes generally indicate forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements, as a result of new information, future events or otherwise. Material risks that may affect Occidental's results of operations and financial position appear in Part 1, Item 1A "Risk Factors" of the 2011 Form 10-K.