

# Revised Occidental Proposal to Acquire Anadarko

Occidental Petroleum Corporation

May 6, 2019



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## Participants

This presentation is neither a solicitation of a proxy nor a substitute for any proxy statement or other filings that may be made with the SEC. Nonetheless, Occidental and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transactions. Information about Occidental's executive officers and directors is available in Occidental's Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the SEC on February 24, 2019, and in its proxy statement for the 2019 Annual Meeting which was filed with the SEC on March 28, 2019. To the extent holdings of Occidental securities have changed since the amounts printed in the proxy statement for the 2019 Annual Meeting, such changes have been or will be reflected on Statements of Change in Ownership on Form 4 filed with the SEC. Additional information regarding the interests of such potential participants will be included in one or more registration statements, proxy statements, tender offer statements or other documents filed with the SEC if and when they become available. These documents (if and when available) may be obtained free of charge from the SEC's website.

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# Transaction Merits Unchanged

- Highly accretive to CFPS and Free CFPS after dividends
- \$3.5 B free cash flow improvements through synergies and capital reduction
- \$10-15 B of planned portfolio optimization and free cash flow support rapid deleveraging
- Oxy's shale, Enhanced Oil Recovery (EOR), and major project expertise applied across complementary asset base
- Oxy has operated in over 40 countries, most U.S. basins, Colorado, and the Gulf of Mexico in the last 30 years
- Completely aligned with Oxy's dividend + growth strategy
- Moderating growth to 5% across a more diverse high return portfolio greatly enhances free cash generation and security



Note: Cash Flow Per Share calculated as cash flow from operations before working capital, less distributions attributable to non-controlling interest, divided by total common diluted shares outstanding.

Free Cash Flow Per Share calculated as cash flow from operations before working capital, less distributions attributable to non-controlling interest, capex, preferred dividends and common dividends, divided by total common diluted shares outstanding.



Oxy & Anadarko:  
 Creating A High  
 Return Cash  
 Generating  
 Energy Company

<p>Substantial Scale</p> <p><b>&gt;\$100 B</b>  <b>Enterprise Value</b>                  Attractive mix of U.S. unconventional, global conventional, midstream and chemical assets</p>	<p>Industry-Leading Returns</p> <p><b>20%+ 2021 PF CROCE<sup>(1)</sup></b>                  Strong mix of stable free cash flow, world-class growth, and best in class assets</p>	<p>Disciplined Growth</p> <p><b>\$3.12/share</b>                  Growing Dividend and  <b>5%</b>                  Full-cycle production growth with low breakevens</p>
<p>Best-In-Class Assets</p> <p>Global Scale / Best Basins  <b>~1.3 MMboe/d<sup>(2)</sup></b>                  Net of Africa Divestitures</p>	<p>Significant Synergies</p> <p><b>\$2.0 B</b>                  Annual Synergies PLUS  <b>\$1.5 B</b>                  Annual Capital Reduction</p>	<p>Balance Sheet Strength</p> <p>Committed to maintaining strong  <b>Investment Grade</b>                  credit ratings</p>

Highly Accretive to CFPS and Free CFPS after Dividends

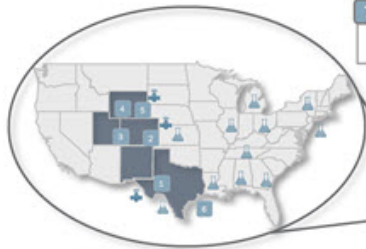
Note: CROCE calculated as Net Income + After Tax Interest Expense + DD&A divided by Average Capital Employed

(1) Assumes \$60/bbl WTI, \$65/bbl Brent, \$3.00/MMBtu HHUB.

(2) Based on Q4 2018 production.



# World Class Global Asset Portfolio With Focus



<b>1 Permian</b> Q4 Oxy: 406 Mboe/d 2018 APC: 127 Mboe/d	<b>2 DJ Basin</b> Q4 2018 Production: 272 Mboe/d
<b>3 Uinta Basin</b> Q4 2018 Production: 42 Mboe/d	<b>4 PRB</b> Emerging Resource Play
<b>5 Other US (Prod.)</b> Q4 2018 Production: 16 Mboe/d	<b>6 Gulf of Mexico</b> 3 Year Production Outlook: 140 Mboe/d

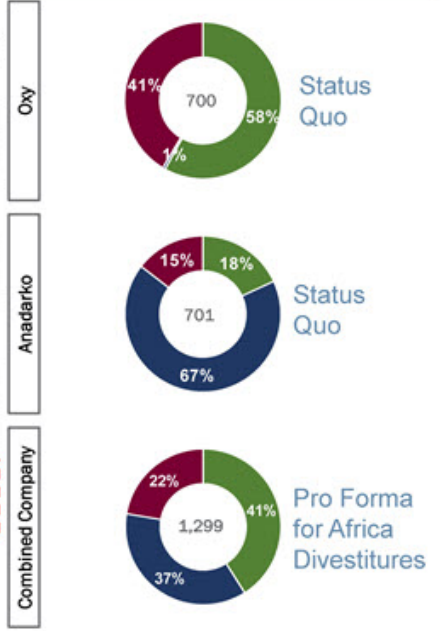
<b>7 Oman</b> 30 year production history in Oman	<b>8 Qatar</b> 2 <sup>nd</sup> Largest Oil Producer in Offshore Qatar	<b>9 UAE</b> 30 Year Joint Venture with ADNOC	<b>10 Colombia</b> Llanos Norte Basin and Magdalena Basin
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<b>11 Offshore Col.</b> South American deepwater exploration	<b>12 Mozambique</b> Industry-leading project in Mozambique LNG	<b>13 Ghana</b> Jubilee and TEN offshore developments	<b>14 Algeria</b> El Merk CPF, Ourhoud CPF and HBS CPF
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Africa Divestitures

## Q4 2018A Production (Mboe/d)



## Premier, Complementary Global Asset Portfolio

- ✓ #1 Producer in the Permian
- ✓ #1 in CO<sub>2</sub> EOR Projects
- ✓ #1 Producer in the DJ Basin
- ✓ #1 Producer in the Uinta Basin
- ✓ #1 Independent Producer in Oman
- ✓ #4 Producer in Gulf of Mexico
- ✓ Leading Position in Colombia
- ✓ Top 3 Producer of PVC, Chlorine, and Caustic Soda
- ✓ Leading International Midstream Assets and MLP



# Transaction Updates



## Enhanced Offer

Delivered improved proposal to acquire Anadarko

- \$76.00 per share as of May 3, 2019
- \$59.00 cash and 0.2934 Oxy shares per Anadarko share

## Planned Sale of Non-Core Assets

Binding agreement with Total to divest Anadarko assets in Algeria, Ghana, Mozambique, and South Africa for \$8.8 B

- 6% of pro forma production and 7% of pro forma cash flow after capital in 2020
- Expected to fast-track synergy achievement and integration
- Accelerating deleveraging, first step of planned \$10-15 B divestitures
- Contingent upon successful closing of acquisition of Anadarko

## Additional Committed Financing

Secured \$10 B Perpetual Preferred equity commitment from Berkshire Hathaway to finance transaction

- Balance sheet friendly acquisition financing
- Capital available at closing
- Enhances competitive ability to pursue attractive acquisition

# Revised Proposal Details

## Structure and Consideration

- Oxy proposal to acquire Anadarko for \$76.00 per share as of May 3, 2019
  - \$59.00 cash and 0.2934 Oxy shares per Anadarko share
  - Equity purchase price of \$38 B
  - Total transaction value of \$57 B (including Western Midstream debt and non-controlling interest)
- Offer price in line with Anadarko 52-week high and Oxy offers made in 2018 and 2019

## Pro Forma Ownership

- 84% legacy Oxy shareholders
- 16% legacy Anadarko shareholders

## Financing

- Oxy will issue approximately 148 MM shares to Anadarko shareholders
- Committed bank and perpetual preferred financing in place for cash requirement of transaction
- \$10-15 B of planned asset sales in the next 12 - 24 months; \$8.8 B already announced





# Berkshire Hathaway Financing Commitment

## Rationale

- Flexible, balance sheet friendly acquisition financing
- Financial support from, and affiliation with, the world's most renowned investor
- Enhances competitive ability to pursue attractive acquisition
- Capital available at closing

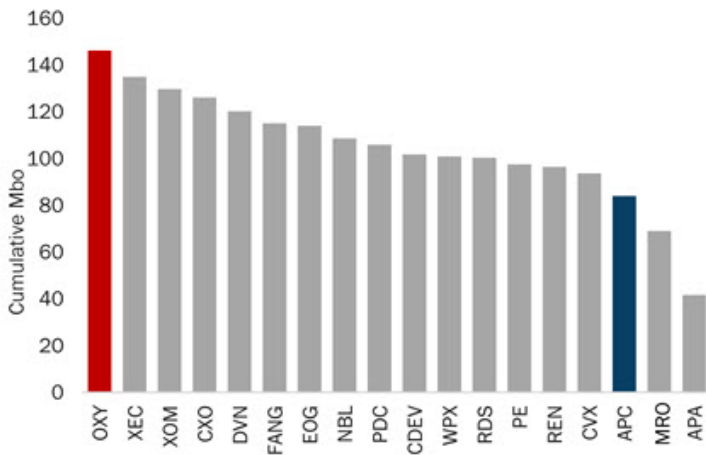
## Terms

- \$10 B, 8% Cumulative Perpetual Preferred Stock
  - No maturity; redeemable in whole or part in 10 years at 105%
  - If annual distributions to common exceed \$4 per share, cash equal to such excess will be used to redeem a portion of the preferred at 110%
  - Increases to 9% only if Oxy pays preferred dividend in stock or it is unpaid
- 80 MM warrants exercisable at \$62.50 per share
  - Exercisable until 1 year after no preferred stock remains outstanding



# Oxy's Play Leading Delaware Basin Performance

Average 6 Month Cumulative Oil by Operator



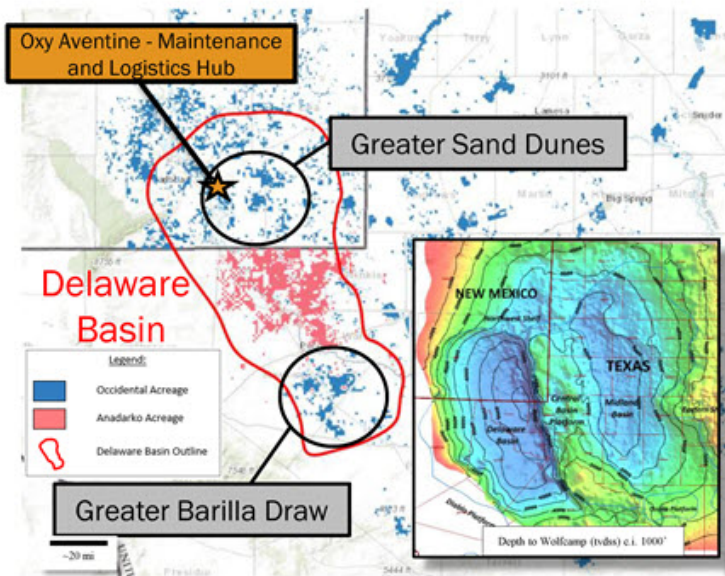
- Oxy's Subsurface Knowledge, Data Analytics and Execution Drive Basin Leading Results
- Top Delaware Basin Operator
  - 74% better 6 month production than APC
  - Oxy pumps less proppant while outperforming competitors
- Performance Drives Value
  - 25% improvement to well productivity creates ~\$2.4MM NPV10 per well<sup>(1)</sup>



Source: IHS Enerdeq as of 4/17/2019, horizontals with 6 months oil production available since September 2017 and laterals >500 ft

(1) NPV calculations based on \$55 WTI and \$3.00 NYMEX, assumes 100% WI and 25% Royalty Burden, improvement calculated from average of peer data on chart.

# Delaware Basin – Synergistic Assets



Oxy is competitively advantaged with experience in Delaware Basin geology and regional supply logistics

- APC's acreage is located in the middle of Oxy's core development areas and on trend with Delaware Basin geology
- APC's acreage is well positioned to benefit from Oxy's Aventine logistics supply hub

Oxy's Delaware Basin Wells Outperform Competitors

- Oxy has 25 of the top 100 wells in the Delaware Basin, based on 6 month cumulative oil production<sup>(1)</sup>
- Oxy has the highest average 6 month cumulative oil production of all Delaware Basin operators
- Oxy's subsurface and operational experience together with supply logistics will extend competitively advantaged results to the APC acreage



(1) Source: IHS Enerdeq as of 4/17/2019, horizontals with 6 months oil production available since September 2017 and laterals >500 ft

# Significant Identified Synergies with Potential Upside

Expected Pre-Tax Annual Synergies and Capital Reduction (\$ B)



Domestic Capital and Operating Efficiency

- Transition to full, efficient development mode
- Over 10% anticipated improvement in Domestic drilling & completion costs
- Estimate above does not include improved productivity through joint expertise

Procurement & Supply Chain

- Integration and optimization of supply chain functions on a global platform
- Expected savings of 5% of combined annual capital and operating expenditures

General Overhead & Corporate

- Reduction in G&A and consolidation of corporate functions
- Single corporate governance & management team
- Application of combined company best practices and experience to all business units

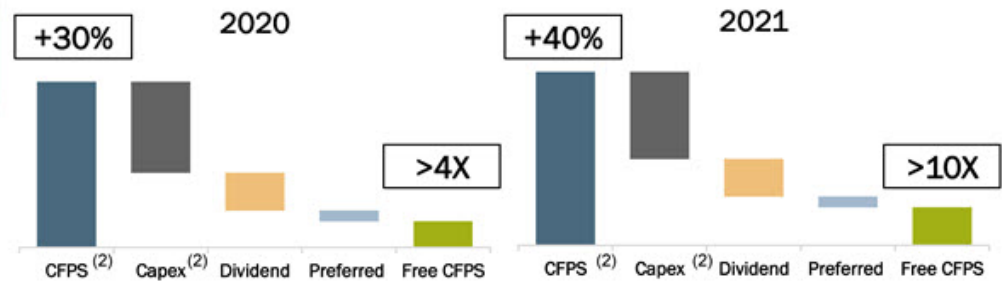
Oxy has identified \$2 B / year of primary synergies plus \$1.5 B / year of capital reduction



# Delivering Value

- Continued commitment to return of capital through growing dividend and share repurchases over time
- Debt reduction via portfolio optimization and free cash flow
- Deliver 5% production growth

## Pro Forma Per Common Share Accretion<sup>(1)</sup>



- Higher transaction cash mix amplifies accretion to common shareholders
- Cash flow accretive in first year
- Current annualized cash flow increases ~\$255 MM per \$1.00 / bbl increase in oil prices (adjusted for Africa divestitures)

(1) Stand alone figures based on FactSet consensus estimates and pro forma based on company estimates at \$60 WTI, \$65 Brent, and \$3.00 Henry Hub.

(2) Assumes \$1.0 B and \$2.0 B of total synergies in 2020 and 2021, respectively. Also assumes capital reduction of \$1.5 B in 2020 and 2021.

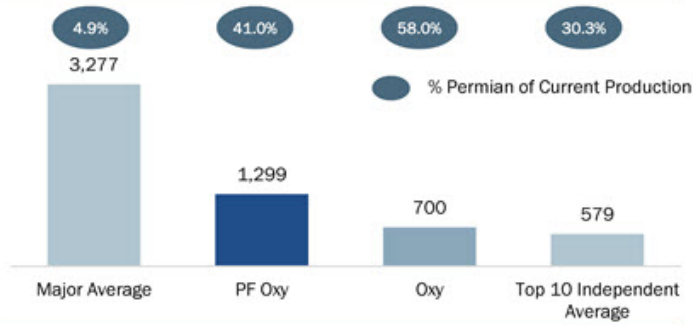
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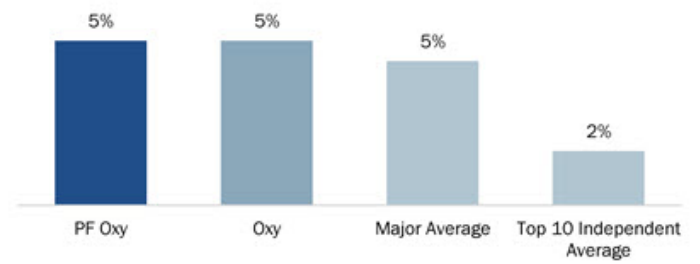


# Unique Scale and Industry Leading Returns

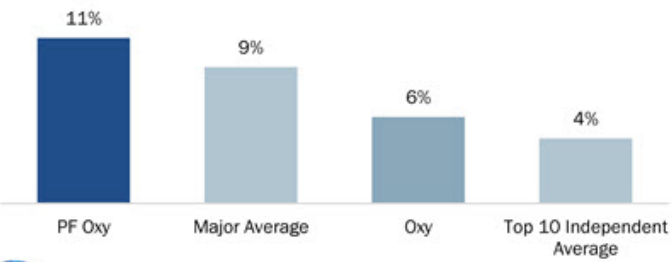
Q4 2018 Production (Mboe/d)<sup>(1)</sup>



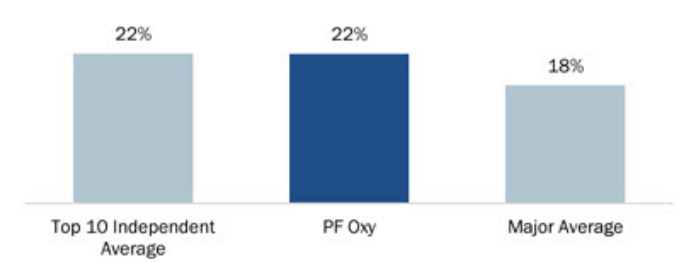
Current Dividend Yield



2021E Free Cash Flow Yield<sup>(2)(3)</sup>



2021E CROCE<sup>(2)</sup>



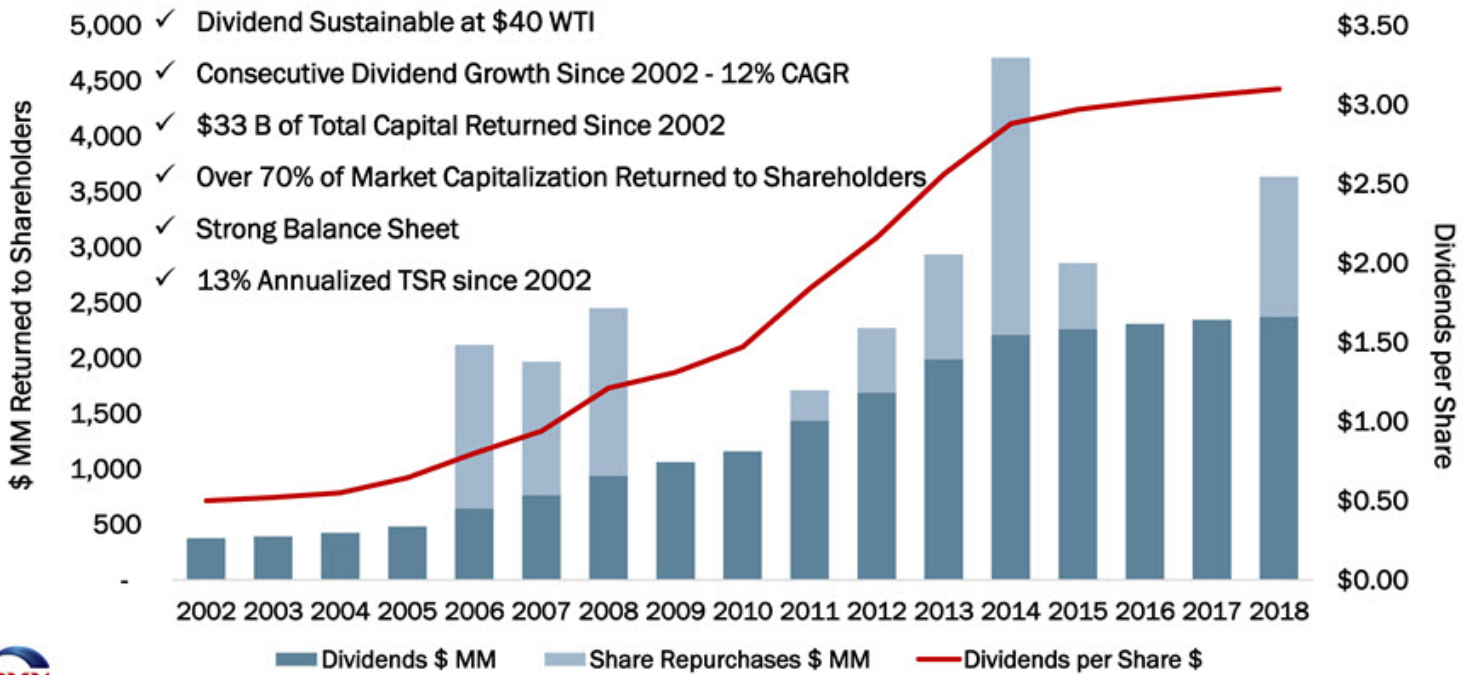
Source: Public filings and FactSet.  
 Note: CROCE calculated as Net Income + After Tax Interest Expense + DD&A divided by Average Capital Employed.  
 Note: Free Cash Flow Yield calculated as CFO less preferred dividends less capex divided by market capitalization.  
 Note: Majors include XOM, BP, TOT, CVX and RDS.

(1) PF Oxy reflects production pro forma for divestiture of Mozambique, Algeria and Ghana.  
 (2) Based on select Wall Street Research, Factset consensus and management estimates. Analysis assumes run-rate synergies of \$2.0 B and capital expenditure reduction of \$1.5 B.  
 (3) PF Oxy includes incremental transaction interest and preferred dividend.

Appendix



# Oxy Consistently Returns Capital to Shareholders

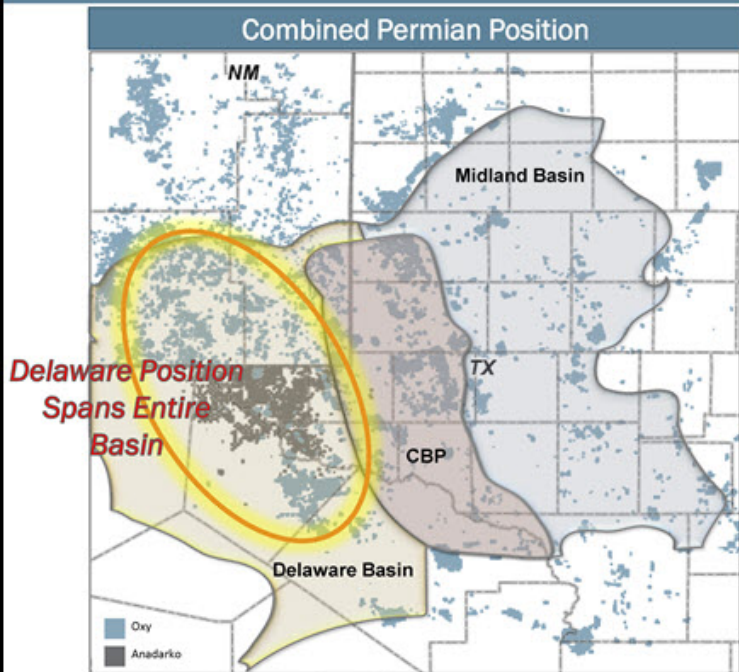


Note: 2013 dividend total adjusted to reflect that 1Q13 dividend was paid in 4Q12

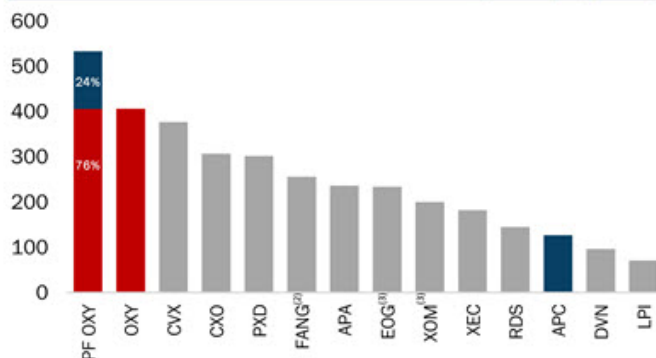


# Enhances Oxy as The Leading Operator in the Permian

Combined Permian Position



Current Permian Net Production (Mboe/d)



- Adds thousands of drilling locations in “Core of the Core” Delaware Basin
- Oxy drilled 4% of the wells in the Permian, but accounts for 23 of the top 100 wells on a six-month cumulative oil production basis<sup>(1)</sup>
- Combined experience, technology and logistics expected to optimize costs, productivity and profitability
- EOR technology transfer to enhance value of shale
- The Permian business would be FCF positive at current prices

Source: Production data sourced from public filings.

(1) Source: IHS Enerdeq as of 4/17/2019, horizontals with 6 months oil production available since September 2017 and laterals >500 ft

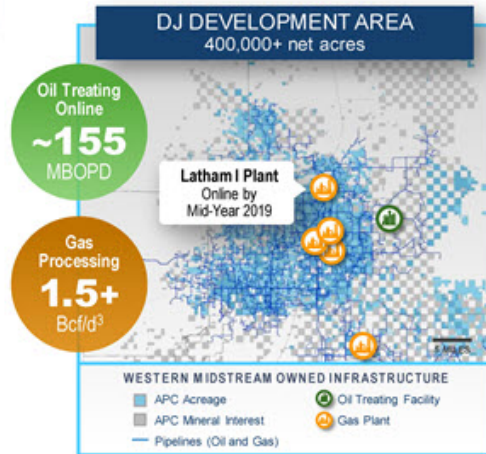
(2) EGN acquisition closed on November 29, 2018. Includes two months of contribution from stand-alone EGN production, one month of contribution from Ajax production, and one month of contribution from recent tack-on acquisitions.

(3) 2018A production



# DJ Basin – Free Cash Flow *and* Growth Potential

## Leading Position in the DJ Basin



- 250+ Mboepd of production
- Additional NPV uplift from mineral interest ownership
- 10+ years of remaining undrilled inventory
- Integrated value chain via Western Gas midstream assets
- Acreage primarily located in producer friendly areas

Source: Anadarko April 2019 Investor Book



# Gulf of Mexico – Stable Free Cash Flow

## Gulf of Mexico Position



- Significant cash flow generation
- Infrastructure in place allows for ample tie-back opportunities
- Three year outlook for production 140 Mboe/d
- Rate of Return and breakeven competitive with best U.S. onshore wells



Source: Anadarko April 2019 Investor Book

# OxyChem: Market Leading Position

## OxyChem at a Glance

- Major global exporter of all core products
- Top tier global producer in every product produced
  - > Largest merchant caustic soda seller in the world
  - > Largest VCM exporter in the world
  - > 2<sup>nd</sup> largest chlor-alkali producer in the world
  - > Largest caustic potash producer in the world
- Recent growth projects delivered on time and on budget, increasing earnings base
- Only 4 time winner of the American Chemistry Councils Sustained Excellence Award

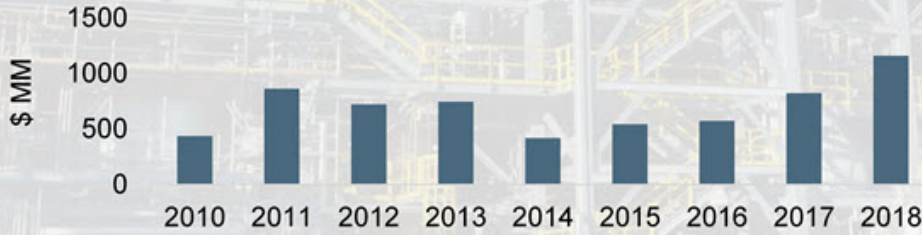
## Earnings Highlights

- Positive cash flow generation throughout cycle
- Integrated assets capture benefits of favorable market conditions
- Global export portfolio leverages low domestic natural gas prices

## Market Overview

- Caustic supply and demand balance is favorable long term
- No major global capacity expansions
- Core caustic demand driven by Aluminum and Pulp and Paper
- PVC demand continues to improve as global population expands

OxyChem Pre-Tax Earnings (EBIT)<sup>1</sup>



<sup>1</sup> OxyChem pre-tax earnings excluding special items

# Leading Midstream Assets and MLP

## Oxy Midstream & Marketing

- Domestic:
  - Permian EOR infrastructure including 13 processing plants
  - Electric power co-generation plants
  - Plains GP Holdings equity interest
  - ~670 Mbbl/d Midland to Gulf Coast oil capacity in 2019E/2020E
  - ~450 Mbbl/d of oil capacity rights for Ingleside export terminal through 2030 with extension possible
- International:
  - Dolphin natural gas pipeline originating in Qatar
  - Al Hosn ultra sour gas processing plant in the UAE

## Western Midstream

- ~\$600 MM of distributions from owned MLP units
- Texas/New Mexico:
  - Gathering Pipelines
  - Crude treating
  - Water gathering pipelines and SWD wells
  - Gas processing
- Rockies:
  - Gathering Pipelines
  - Treating and stabilization
  - Gas Processing
- Other:
  - Saddlehorn Pipeline
  - Pennsylvania Gathering

Uplift from combined Midstream efforts in the Delaware and Marketing on the Gulf Coast



Source: Western Gas November 8<sup>th</sup>, 2018 Simplification Transaction Presentation and Western Gas 2018 10-K

## Selected Domestic Asset Overview



# Scale and Expertise to Lead Energy into a Low Carbon Future

## Original Low Carbon Ventures Strategy

- Leverage Oxy's CO<sub>2</sub> enhanced EOR infrastructure and expertise for economic and social benefit
- Sequestration of anthropogenic CO<sub>2</sub> in oil reservoirs incentivized by 45Q tax credits
- Lower carbon footprint by utilizing renewable power sources
- Member Oil and Gas Climate Initiative

## Transaction Expands Mission

- Apply Oxy's Low Carbon Strategy to Anadarko's asset base
- Scale of combined company allows strategy acceleration
- Provide energy with lower carbon footprint
- Improve economics and extend oil reserve potential with unconventional EOR
- Expand utility of Tankless Facilities



