

For Immediate Release: October 22, 2009

## Occidental Petroleum Announces Third Quarter Net Income

LOS ANGELES, October 22, 2009 -- Occidental Petroleum Corporation (NYSE: OXY) announced net income of \$927 million (\$1.14 per diluted share) for the third quarter of 2009, compared with \$2.3 billion (\$2.77 per diluted share) for the third quarter of 2008.

In announcing the results, Dr. Ray R. Irani, Chairman and Chief Executive Officer, said, "Occidental achieved year-over-year production growth of nearly seven percent in the third quarter and eight percent in the nine months of 2009. In addition, higher worldwide crude oil prices resulted in an increase in Occidental's third quarter of 2009 net income of 36 percent over the second quarter of 2009.

"Our Kern County discovery has made a significant contribution to this production growth. Kern County gross production run rates grew from 7,700 BOE per day around the end of the first quarter, to 17,300 BOE per day at the end of the second quarter and to approximately 26,000 BOE per day at the end of the third quarter."

### **QUARTERLY RESULTS**

#### **Oil and Gas**

Oil and gas segment earnings were \$1.5 billion for the third quarter of 2009, compared with \$3.6 billion for the same period in 2008. The decrease in the third quarter 2009 segment earnings reflected lower crude oil and natural gas prices, partially offset by higher oil and gas sales volumes and lower operating expenses.

For the third quarter of 2009, daily oil and gas sales volumes averaged 628,000 barrels of oil equivalent (BOE), compared with 588,000 BOE per day in the third quarter of 2008. Volumes increased by six percent domestically, mainly from California and the Permian and by 15 percent in the

Middle East/North Africa largely in Dolphin and Oman, partially offset by a six-percent decrease in Latin America mostly due to a labor strike in Argentina. Increased California volumes resulted largely from the new exploration discoveries in Kern County.

Oxy's realized price for worldwide crude oil was \$62.79 per barrel for the third quarter of 2009, compared with \$104.15 per barrel for the third quarter of 2008. Domestic realized gas prices decreased from \$9.35 per MCF in the third quarter of 2008 to \$3.04 per MCF for the third quarter of 2009.

#### **Chemicals**

Chemical segment earnings for the third quarter of 2009 were \$72 million, compared with \$219 million for the same period in 2008. The third quarter 2009 results reflect the continued weakness in the U.S. housing, automotive and durable goods sectors resulting in lower margins for caustic soda and polyvinyl chloride and lower volumes for chlorine, caustic soda, potassium hydroxide and polyvinyl chloride.

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

Midstream segment earnings were \$77 million for the third quarter of 2009, compared with \$66 million for the third quarter of 2008. The third quarter of 2009 reflects better results in marketing operations, partially offset by lower margins in the gas processing business.

#### **NINE MONTH RESULTS**

Net income for the nine months of 2009 was \$2.0 billion (\$2.43 per diluted share), compared with \$6.4 billion (\$7.77 per diluted share) for the nine months of 2008.

#### **Oil and Gas**

Oil and gas segment earnings were \$3.1 billion for the nine months of 2009, compared with \$10.3 billion for the same period of 2008. The decrease in segment earnings reflected lower crude oil and natural gas prices, partially offset by higher oil and gas sales volumes and lower operating and administrative costs.

Daily oil and gas sales volumes for the first nine months was 643,000 BOE per day for 2009, compared with 594,000 BOE per

day for the same 2008 period. Volumes increased by five percent domestically mainly in California and Midcontinent/Rockies, by 14 percent in Latin America, and by 12 percent in the Middle East/North Africa largely due to Dolphin and Oman.

Oxy's realized price for worldwide crude oil was \$51.44 per barrel for the nine months of 2009, compared with \$100.39 per barrel for the nine months of 2008. Domestic realized gas prices decreased from \$9.18 per MCF in the nine months of 2008 to \$3.15 per MCF in the nine months of 2009.

#### **Chemicals**

Chemical segment earnings were \$356 million for the nine months of 2009, compared with \$542 million for the nine months of 2008. The 2009 results reflect lower volumes and prices for chlorine, caustic soda and polyvinyl chloride due to the economic slowdown, partially offset by lower feedstock and energy costs.

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

Midstream segment earnings were \$154 million for the nine months of 2009, compared with \$350 million for the same period in 2008. The earnings decline in 2009 reflects lower margins in the gas processing business.

#### **About Oxy**

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

#### **Forward-Looking Statements**

Statements in this release that contain words such as "will," "should," "expect," or "estimate," or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause actual results to differ materially

include, but are not limited to: global commodity price fluctuations and supply/demand considerations for oil, gas and chemicals; exploration risks, such as drilling of unsuccessful wells; not successfully completing (or any material delay in) any expansions, field development, capital projects, acquisitions, or dispositions; higher-than-expected costs; political risk; operational interruptions and changes in tax rates. You should not place undue reliance on these forward-looking statements which speak only as of the date of this release. Unless legally required, Occidental does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise. U.S. investors are urged to consider carefully the disclosures in our Form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.

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

**SUMMARY OF SEGMENT NET SALES AND EARNINGS**

| (In millions, except<br>per-share amounts)  | Third Quarter |                 | Nine Months     |                 |
|---|---------------|-----------------|-----------------|-----------------|
|   | 2009          | 2008            | 2009            | 2008            |
| <b>SEGMENT NET SALES</b>                    |               |                 |                 |                 |
| Oil and Gas                                 | \$ 3,089      | \$ 5,422        | \$ 7,952        | \$15,441        |
| Chemical                                    | 842           | 1,454           | 2,445           | 4,107           |
| Midstream, Marketing and Other              | 285           | 381             | 763             | 1,204           |
| Eliminations                                | (112)         | (197)           | (296)           | (556)           |
| Net sales                                   | \$ 4,104      | \$ 7,060        | \$10,864        | \$20,196        |
| <b>SEGMENT EARNINGS</b>                     |               |                 |                 |                 |
| Oil and Gas (a), (b)                        | \$ 1,464      | \$ 3,618        | \$ 3,092        | \$10,312        |
| Chemical                                    | 72            | 219             | 356             | 542             |
| Midstream, Marketing and Other              | 77            | 66              | 154             | 350             |
|   | 1,613         | 3,903           | 3,602           | 11,204          |
| <b>Unallocated Corporate Items</b>          |               |                 |                 |                 |
| Interest expense, net                       | (33)          | (3)             | (76)            | (10)            |
| Income taxes                                | (549)         | (1,546)         | (1,245)         | (4,511)         |
| Other (c)                                   | (102)         | (82)            | (297)           | (292)           |
| <b>Income from Continuing Operations(a)</b> | <b>929</b>    | <b>2,272</b>    | <b>1,984</b>    | <b>6,391</b>    |
| Discontinued operations, net                | (2)           | (1)             | (7)             | 23              |
| <b>NET INCOME (a)</b>                       | <b>\$ 927</b> | <b>\$ 2,271</b> | <b>\$ 1,977</b> | <b>\$ 6,414</b> |
| <b>BASIC EARNINGS PER COMMON SHARE</b>      |               |                 |                 |                 |
| Income from continuing operations           | \$ 1.14       | \$ 2.78         | \$ 2.44         | \$ 7.78         |
| Discontinued operations, net                | --            | --              | (0.01)          | 0.03            |
|   | \$ 1.14       | \$ 2.78         | \$ 2.43         | \$ 7.81         |
| <b>DILUTED EARNINGS PER COMMON SHARE</b>    |               |                 |                 |                 |
| Income from continuing operations           | \$ 1.14       | \$ 2.77         | \$ 2.44         | \$ 7.74         |
| Discontinued operations, net                | --            | --              | (0.01)          | 0.03            |
|   | \$ 1.14       | \$ 2.77         | \$ 2.43         | \$ 7.77         |
| <b>AVERAGE COMMON SHARES OUTSTANDING</b>    |               |                 |                 |                 |
| BASIC                                       | 811.8         | 815.3           | 811.1           | 820.1           |
| DILUTED                                     | 814.4         | 817.6           | 813.9           | 823.5           |

See footnotes on following page.

- (a) **Net Income** - Net income and income from continuing operations represent amounts attributable to Common Stock, after deducting non-controlling interest of \$14 million and \$38 million for the third quarter and \$35 million and \$104 million for the nine months ended September 30, 2009 and 2008, respectively. Oil and gas segment earnings are also presented net of these non-controlling interest amounts.
- (b) **Oil and Gas** - The nine months of 2009 includes an \$8 million pre-tax charge for rig contract termination costs.
- (c) **Unallocated Corporate Items - Other** - The nine months of 2009 includes non-core pre-tax charges of \$40 million related to severance and \$15 million for railcar leases.

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

| (\$ millions)   | Third Quarter |          | Nine Months |          |
|---|---------------|----------|-------------|----------|
|   | 2009          | 2008     | 2009        | 2008     |
| <b>CAPITAL EXPENDITURES</b>                                       | \$ 746        | \$ 1,199 | \$ 2,649    | \$ 3,070 |
| <b>DEPRECIATION, DEPLETION<br/>AND AMORTIZATION<br/>OF ASSETS</b> | \$ 769        | \$ 683   | \$ 2,297    | \$ 1,957 |

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

| Income/(Expense)                                | Third Quarter |      | Nine Months |      |
|---|---------------|------|-------------|------|
|   | 2009          | 2008 | 2009        | 2008 |
| <b>Foreign exchange gains and<br/>(losses)*</b> | \$ (3)        | \$ 8 | \$ 28       | \$ 3 |

\*Amounts shown after tax.

**SUMMARY OF OPERATING STATISTICS**

|   | Third Quarter |            | Nine Months |            |
|---|---------------|------------|-------------|------------|
|   | 2009          | 2008       | 2009        | 2008       |
| =====                                   |               |            |             |            |
| <b>NET OIL, GAS AND LIQUIDS</b>         |               |            |             |            |
| <b>SALES PER DAY</b>                    |               |            |             |            |
| United States                           |               |            |             |            |
| Crude Oil and Liquids (MBBL)            |               |            |             |            |
| California                              | 92            | 87         | 93          | 86         |
| Permian                                 | 168           | 166        | 168         | 168        |
| Midcontinent/Rockies                    | 9             | 8          | 10          | 6          |
| Total                                   | 269           | 261        | 271         | 260        |
| Natural Gas (MMCF)                      |               |            |             |            |
| California                              | 269           | 236        | 240         | 239        |
| Permian                                 | 208           | 169        | 200         | 179        |
| Midcontinent/Rockies                    | 176           | 165        | 192         | 166        |
| Total                                   | 653           | 570        | 632         | 584        |
| Latin America                           |               |            |             |            |
| Crude Oil (MBBL)                        |               |            |             |            |
| Argentina                               | 30            | 38         | 37          | 32         |
| Colombia                                | 44            | 43         | 46          | 43         |
| Total                                   | 74            | 81         | 83          | 75         |
| Natural Gas (MMCF)                      |               |            |             |            |
| Argentina                               | 27            | 24         | 30          | 19         |
| Bolivia                                 | 18            | 21         | 17          | 21         |
| Total                                   | 45            | 45         | 47          | 40         |
| Middle East/North Africa                |               |            |             |            |
| Crude Oil and Liquids (MBBL)            |               |            |             |            |
| Oman                                    | 39            | 23         | 38          | 21         |
| Dolphin                                 | 21            | 18         | 22          | 20         |
| Qatar                                   | 46            | 49         | 48          | 47         |
| Yemen                                   | 22            | 20         | 25          | 22         |
| Libya                                   | 4             | 7          | 6           | 17         |
| Total                                   | 132           | 117        | 139         | 127        |
| Natural Gas (MMCF)                      |               |            |             |            |
| Oman                                    | 22            | 25         | 23          | 24         |
| Dolphin                                 | 208           | 165        | 218         | 176        |
| Total                                   | 230           | 190        | 241         | 200        |
| <b>Barrels of Oil Equivalent (MBOE)</b> |               |            |             |            |
| Subtotal consolidated subsidiaries      | 630           | 593        | 646         | 599        |
| Colombia-minority interest              | (5)           | (7)        | (6)         | (7)        |
| Yemen-Occidental net interest           | 3             | 2          | 3           | 2          |
| <b>Total Worldwide Sales Volumes -</b>  |               |            |             |            |
| <b>MBOE</b>                             | <b>628</b>    | <b>588</b> | <b>643</b>  | <b>594</b> |
| =====                                   |               |            |             |            |

**SUMMARY OF OPERATING STATISTICS**

|   | Third Quarter |            | Nine Months |            |
|---|---------------|------------|-------------|------------|
|   | 2009          | 2008       | 2009        | 2008       |
| <b>NET OIL, GAS AND LIQUIDS</b>             |               |            |             |            |
| <b>PRODUCTION PER DAY</b>                   |               |            |             |            |
| United States                               |               |            |             |            |
| Crude Oil and Liquids (MBBL)                | 269           | 261        | 271         | 260        |
| Natural Gas (MMCF)                          | 653           | 570        | 632         | 584        |
| Latin America                               |               |            |             |            |
| Crude Oil (MBBL)                            |               |            |             |            |
| Argentina                                   | 31            | 39         | 36          | 33         |
| Colombia                                    | 43            | 43         | 46          | 43         |
| Total                                       | 74            | 82         | 82          | 76         |
| Natural Gas (MMCF)                          | 45            | 45         | 47          | 40         |
| Middle East/North Africa                    |               |            |             |            |
| Crude Oil and Liquids (MBBL)                |               |            |             |            |
| Oman  | 40            | 24         | 38          | 21         |
| Dolphin                                     | 21            | 18         | 22          | 20         |
| Qatar                                       | 48            | 48         | 48          | 47         |
| Yemen                                       | 22            | 19         | 25          | 22         |
| Libya                                       | 5             | 9          | 7           | 17         |
| Total                                       | 136           | 118        | 140         | 127        |
| Natural Gas (MMCF)                          | 230           | 190        | 241         | 200        |
| <b>Barrels of Oil Equivalent (MBOE)</b>     |               |            |             |            |
| Subtotal consolidated subsidiaries          | 634           | 595        | 646         | 600        |
| Colombia-minority interest                  | (5)           | (6)        | (6)         | (6)        |
| Yemen-Occidental net interest               | 3             | 2          | 3           | 2          |
| <b>Total Worldwide Production Volumes -</b> |               |            |             |            |
| <b>MBOE</b>                                 | <b>632</b>    | <b>591</b> | <b>643</b>  | <b>596</b> |

**SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS**

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

## SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING EARNINGS

Third Quarter

| (\$ millions, except<br>per-share amounts) | 2009            | Diluted<br>EPS | 2008            | Diluted<br>EPS |
|--|-----------------|----------------|-----------------|----------------|
| =====                                      | =====           | =====          | =====           | =====          |
| <b>TOTAL REPORTED EARNINGS*</b>            | <b>\$ 927</b>   | <b>\$ 1.14</b> | <b>\$ 2,271</b> | <b>\$ 2.77</b> |
| =====                                      | =====           | =====          | =====           | =====          |
| <b>Oil and Gas*</b>                        |                 |                |                 |                |
| Segment Earnings                           | <b>\$ 1,464</b> |                | <b>\$ 3,618</b> |                |
| Add:                                       |                 |                |                 |                |
| No significant items<br>affecting earning  | --              |                | --              |                |
|  | -----           |                | -----           |                |
| Segment Core Results                       | <b>1,464</b>    |                | <b>3,618</b>    |                |
|  | -----           |                | -----           |                |
| <b>Chemicals</b>                           |                 |                |                 |                |
| Segment Earnings                           | <b>72</b>       |                | <b>219</b>      |                |
| Add:                                       |                 |                |                 |                |
| No significant items<br>affecting earning  | --              |                | --              |                |
|  | -----           |                | -----           |                |
| Segment Core Results                       | <b>72</b>       |                | <b>219</b>      |                |
|  | -----           |                | -----           |                |
| <b>Midstream, Marketing and Other</b>      |                 |                |                 |                |
| Segment Earnings                           | <b>77</b>       |                | <b>66</b>       |                |
| Add:                                       |                 |                |                 |                |
| No significant items<br>affecting earnings | --              |                | --              |                |
|  | -----           |                | -----           |                |
| Segment Core Results                       | <b>77</b>       |                | <b>66</b>       |                |
|  | -----           |                | -----           |                |
| <b>Total Segment Core Results</b>          | <b>1,613</b>    |                | <b>3,903</b>    |                |
|  | -----           |                | -----           |                |
| <b>Corporate</b>                           |                 |                |                 |                |
| Corporate Results --                       |                 |                |                 |                |
| Non Segment**                              | <b>(686)</b>    |                | <b>(1,632)</b>  |                |
| Add:                                       |                 |                |                 |                |
| Discontinued operations, net***            | <b>2</b>        |                | <b>1</b>        |                |
|  | -----           |                | -----           |                |
| Corporate Core Results --                  |                 |                |                 |                |
| Non Segment                                | <b>(684)</b>    |                | <b>(1,631)</b>  |                |
|  | -----           |                | -----           |                |
| <b>TOTAL CORE RESULTS</b>                  | <b>\$ 929</b>   | <b>\$ 1.14</b> | <b>\$ 2,272</b> | <b>\$ 2.77</b> |
| =====                                      | =====           | =====          | =====           | =====          |

\*Represents amounts attributable to common stock, after deducting non-controlling interest of \$14 million and \$38 million for the third quarter 2009 and 2008, respectively.

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

\*\*\*Amounts shown after tax.

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

| (\$ millions, except<br>per-share amounts) | 2009            | Diluted<br>EPS | 2008            | Diluted<br>EPS |
|--|-----------------|----------------|-----------------|----------------|
| <b>TOTAL REPORTED EARNINGS*</b>            | <b>\$ 1,977</b> | <b>\$ 2.43</b> | \$ 6,414        | \$ 7.77        |
| <b>Oil and Gas*</b>                        |                 |                |                 |                |
| Segment Earnings                           | \$ 3,092        |                | \$10,312        |                |
| Add:                                       |                 |                |                 |                |
| Rig terminations                           | 8               |                | --              |                |
| Segment Core Results                       | 3,100           |                | 10,312          |                |
| <b>Chemicals</b>                           |                 |                |                 |                |
| Segment Earnings                           | 356             |                | 542             |                |
| Add:                                       |                 |                |                 |                |
| No significant items<br>affecting earnings | --              |                | --              |                |
| Segment Core Results                       | 356             |                | 542             |                |
| <b>Midstream, Marketing and Other</b>      |                 |                |                 |                |
| Segment Earnings                           | 154             |                | 350             |                |
| Add:                                       |                 |                |                 |                |
| No significant items<br>affecting earnings | --              |                | --              |                |
| Segment Core Results                       | 154             |                | 350             |                |
| <b>Total Segment Core Results</b>          | <b>3,610</b>    |                | <b>11,204</b>   |                |
| <b>Corporate</b>                           |                 |                |                 |                |
| Corporate Results --                       |                 |                |                 |                |
| Non Segment**                              | (1,625)         |                | (4,790)         |                |
| Add:                                       |                 |                |                 |                |
| Severance accruals                         | 40              |                | --              |                |
| Railcar leases                             | 15              |                | --              |                |
| Tax effect of pre-tax<br>adjustments       | (22)            |                | --              |                |
| Discontinued operations, net***            | 7               |                | (23)            |                |
| Corporate Core Results --                  |                 |                |                 |                |
| Non Segment                                | (1,585)         |                | (4,813)         |                |
| <b>TOTAL CORE RESULTS</b>                  | <b>\$ 2,025</b> | <b>\$ 2.48</b> | <b>\$ 6,391</b> | <b>\$ 7.74</b> |

\*Represents amounts attributable to common stock, after deducting non-controlling interest of \$35 million and \$104 million for the nine months of 2009 and 2008, respectively.

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

\*\*\*Amounts shown after tax.