

United States, is approximately 107 million barrels of oil, 358 billion cubic feet of gas and immaterial amounts of NGLs. As of December 31, 2011, Occidental had purchase contracts to fulfill a substantial portion of these obligations and believes that it has sufficient production and existing volumes in storage, as well as the ability to fulfill the remaining obligations with contractual purchases, and that, to the extent it has any shortfall in sourcing the required quantities, it believes it has the ability to secure such volumes in the spot market.

Interest Rate Risk

General

Occidental's exposure to changes in interest rates relates primarily to its variable-rate, long-term debt obligations, and is not expected to be material. As of December 31, 2011, variable-rate debt constituted approximately one percent of Occidental's total debt.

Tabular Presentation of Interest Rate Risk

The table below provides information about Occidental's debt obligations. Debt amounts represent principal payments by maturity date.

Year of Maturity (in millions of U.S. dollars, except rates)	U.S. Dollar		Grand Total ^(a)
	Fixed-Rate Debt	Variable-Rate Debt	
2012	\$ —	\$ —	\$ —
2013	600	—	600
2014	—	—	—
2015	—	—	—
2016	1,450	—	1,450
Thereafter	3,786	68	3,854
Total	\$ 5,836	\$ 68	\$ 5,904
Weighted-average interest rate	3.23%	0.11%	3.20%
Fair Value	\$ 6,342	\$ 68	\$ 6,410

(a) Excludes unamortized net discounts of \$33 million.

Credit Risk

Occidental's contracts are spread among a large number of counterparties. Creditworthiness is reviewed before doing business with a new counterparty and on an ongoing basis, and master netting agreements are used when appropriate. Occidental monitors aggregated counterparty exposure relative to credit limits. Credit exposure for each customer is monitored for outstanding balances, current activity, and forward mark-to-market exposure.

A substantial portion of Occidental's derivative transaction volume is executed through exchange-traded contracts, which are subject to nominal credit risk as a significant portion of these transactions are executed on a daily margin basis. Occidental executes the rest of its derivative transactions in the OTC market. Occidental is subject to counterparty credit risk to the extent the counterparty to the derivatives is unable to meet its settlement commitments. Occidental manages this credit risk by selecting counterparties that it believes to be financially strong, by spreading the credit risk among many such counterparties, by entering into master netting arrangements with the counterparties and by requiring collateral, as appropriate. Occidental actively monitors the creditworthiness of each counterparty and records valuation adjustments to reflect counterparty risk, if necessary.

Certain of Occidental's OTC derivative instruments contain credit-risk-contingent features, primarily tied to

credit ratings for Occidental or its counterparties, which may affect the amount of collateral that each would need to post. As of December 31, 2011 and 2010, Occidental had a net liability of \$58 million and \$234 million, respectively, for which the amount of collateral posted was \$27 million and \$10 million, respectively. Occidental believes that if it had received a one-notch reduction in its credit ratings, it would not have resulted in a material change in its collateral-posting requirements as of December 31, 2011 and 2010.

As of December 31, 2011, the substantial majority of the credit exposures was with investment grade counterparties. Occidental believes its exposure to credit-related losses at December 31, 2011 was not material. Losses associated with credit risk have been immaterial for all years presented.

Foreign Currency Risk

Occidental's foreign operations have currency risk. Occidental manages its exposure primarily by balancing monetary assets and liabilities and maintaining cash positions in foreign currencies only at levels necessary for operating purposes. Most international oil sales are denominated in United States dollars. Additionally, all of Occidental's consolidated foreign oil and gas subsidiaries have the United States dollar as the functional currency. As of December 31, 2011, the fair value of foreign currency derivatives used in the trading operations was immaterial. The effect of exchange rates on transactions in foreign currencies is included in periodic income.

SAFE HARBOR DISCUSSION REGARDING OUTLOOK AND OTHER FORWARD-LOOKING DATA

Portions of this report, including Items 1 and 2 (including the information appearing under the captions "Business and Properties — Competition and Sales and Marketing") and Items 7 and 7A (including "Management's Discussion and Analysis of Financial Condition and Results of Operations," including the information under the sub captions "Strategy," "Oil and Gas Segment — Proved Reserves" and "— Industry Outlook," "Chemical Segment — Industry Outlook," "Midstream, Marketing and Other Segment — Industry Outlook," "Liquidity and Capital Resources," "Lawsuits, Claims and Other Contingencies," "Environmental Liabilities and Expenditures," "Critical Accounting Policies and Estimates," and "Derivative Activities and Market Risk"), contain forward-looking statements and involve risks and uncertainties that could materially affect expected results of operations, liquidity, cash flows and business prospects. 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. Factors that may cause Occidental's results of operations and financial position to differ from expectations include items noted in Item 1A "Risk Factors," and elsewhere.