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Use of non-GAAP Financial Information
This presentation includes non-GAAP financial measures. You can find the reconciliations to comparable GAAP financial measures on the “Investors” section of our website.
Occidental Petroleum

- Value Proposition
- Portfolio Optimization
- Path To Value Growth
- Differentiators
Overriding Goal is to Maximize Total Shareholder Return

*We believe this can be achieved through a combination of:*

- Consistent, annual dividend growth
- Value growth through oil and gas development that meets the following targets:
  - Above cost-of-capital returns (ROE and ROCE)
    - Return Targets*
      - Domestic – 15+%
      - International – 20+%*
    - Target growth rates of 5% to 8% average per year over the long-term
- Maintaining a strong balance sheet

*Assumes moderate product prices
Cash Flow Priorities Favor Dividends

1. Base/Maintenance Capital
2. Dividends
3. Growth Capital
4. Acquisitions
5. Share Repurchases

Subject to Returns and Market Conditions
Dividend Growth Far Above the S&P500’s

OXY Annual Dividend Paid ($/Share)

2002 - Today

2004 - 2014

2009 - 2014

Source: Factset
Occidental Petroleum

- Value Proposition
- **Portfolio Optimization**
- Path To Value Growth
- Differentiators
Portfolio Optimization

Divested assets with:

- Low free cash flow
- Limited future value (2013 SMOG value of divested assets was ~49% lower)
- High country risk

*Excluding California; ** Before US Tax
Portfolio Optimization

Improving cash margin and income

- Higher liquid production
- Lower operating expense (20%) and DD&A (7%)
- Lower F&D cost (38%)
## 2016 Highlights

- **Low-cost production growth exceeds target**
- **Capital program under $3 billion target**
- **Strong balance sheet and ample liquidity**
- **Permian basin acquisitions adds development flexibility and cost synergies**

### Production Growth

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>** Permian Resources</td>
<td>7%</td>
</tr>
<tr>
<td>** Total Company</td>
<td>13%</td>
</tr>
</tbody>
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### Reserve Replacement Ratio

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<tbody>
<tr>
<td>** Permian Resources</td>
<td>290%</td>
</tr>
<tr>
<td>** Total Company</td>
<td>189%</td>
</tr>
</tbody>
</table>

### Total Company All-Sources F&D

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<tbody>
<tr>
<td>** Permian Resources</td>
<td>$9.65</td>
</tr>
<tr>
<td>** Total Company</td>
<td>$9.00</td>
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</tbody>
</table>

### Program F&D

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<tbody>
<tr>
<td>** Permian Resources</td>
<td>22%</td>
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### Well Costs Reduction

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<tr>
<td>** Permian Resources</td>
<td>25%</td>
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Portfolio Optimization

Focus on value driven growth - Top quartile returns

2016 ROCE*

*Calculated based on public information and on a consistent basis
Companies listed alphabetically: APA, APC, COP, CVX, CXO, DVN, EOG, HES, MRO, PXD, XOM
Portfolio Optimization

Exited the low margin domestic & high risk international assets (~$1.4 Billion of capital in 2013 excluding California)

Invested in high margin Permian Resources & low risk international assets

Approximately replaced the production from divested assets excluding California

Will continue investment in high return projects for value driven growth

Production (Mboed)

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<tbody>
<tr>
<td>2013 Actual</td>
<td>763</td>
<td>(154)</td>
<td>609</td>
<td>(62)</td>
<td>(79)</td>
<td>468</td>
<td>59</td>
<td>64</td>
<td>28</td>
<td>(17)</td>
<td>602</td>
</tr>
</tbody>
</table>

Production (Mboed) for 2013:
- California: 763 Mboed
- Excluding California: 609 Mboed
- Other US: (62) Mboed
- MENA: (79) Mboed
- Perman Res: 59 Mboed
- Al Hosn: 64 Mboed
- Other International: 28 Mboed
- S TX & Other Domestic: (17) Mboed
- Total: 602 Mboed

Actual production for 2016:
- Total: 602 Mboed
Production Growth

5 – 8% growth driven by Permian Resources

Expect Permian Resources to be free cash flow generating in 2018

International growth from modest investment in high return projects
Permian Resources growth supported by low decline, cash flow generating assets
Permian Resources

Significant acreage & growth potential in all development areas

~650,000 net acres within the Delaware and Midland Basin boundaries

~300,000 net acres associated with 11,650 wells in unconventional development inventory

---

**Business Area Acreage**

| Resources – Unconventional Areas | 1.4 |
| Enhanced Oil Recovery Areas       | 1.1 |
| **Oxy Permian Total**             | **2.5MM** |

**Resources Basin Development Areas**

- NM Delaware Basin: 290,000
- TX Delaware Basin: 150,000
- Midland Basin: 210,000
  - **Total ~650,000**

**Other Resources Unconventional Areas**

- Central Basin Platform: 215,000
- New Mexico NW Shelf: 150,000
- Emerging Unconventional: 50,000
- Continuing Evaluation: 335,000
  - **Total ~750,000**

*Includes surface and minerals*
Improved Horizontal Inventory from 4Q2015

- Added 1,250 locations BE < $50
- Added 3,150 total locations
- Increased average length from 5,950’ to 7,100’
- Traded 10,000 net acres to enable longer lateral and consolidated facilities
  - 14 years of inventory <$50 breakeven with 10 rigs

Locations within 300,000 of 650,000 net acres in Basin Development Areas

- Increased Total Horizontal Drilling Locations ~37%

- SS Characterization + Dev. Plans + Technology
- Added 1,250 locations BE < $50
- Added 3,150 total locations
- Increased average length from 5,950’ to 7,100’
- Traded 10,000 net acres to enable longer lateral and consolidated facilities
  - 14 years of inventory <$50 breakeven with 10 rigs

*Breakeven values based on NPV10.
Permian Resources 2017 Focused Development

- Contiguous Acreage
- Multi-bench
- Capable Infrastructure
- Valuable Growth

Greater Sand Dunes – 2,000+
Greater Barilla Draw – 5,000+
Problems Solved in the Permian – Adding It All Up

- Cost structure dramatically driven lower since 2014
- Value Drivers:
  - Subsurface Characterization
  - Stimulation Design
  - Customized Technology
  - Development Planning
  - Infrastructure
  - Oxy Drilling Dynamics
  - Integrated Planning
  - Base Management

Permian Resources Development Costs Per BOE

- 2014: $7 - $9
- 2017E: $6 - $12

Permian Resources Operating Costs Per BOE

- 2014: $7 - $9
- 2017E: 

Growth Potential of 30+% from Focused Development Areas

- Top-tier well performance
- Deep inventory for range of activity
- Infrastructure to support growth
- Core development areas drive capital efficient growth
- 2017 Capital of $1.0 to $1.4 Bn

*Includes estimated net non-operated rigs
Permian EOR

Proven Leader in Maximizing Recovery Across the Permian

Significant inventory in 10-year plan

Geographically diverse

100 active CO₂ + water floods covering multiple horizons

2 BBOE of identified net resource potential

870 net MMBOE at < $6.00 Future Development Cost

Permian EOR Net Resource Potential MMBOE

High-gradable Inventory

TZ/ROZ – Transition Zone and Residual Oil Zone

*Note: TZ/ROZ – Transition Zone and Residual Oil Zone
Focused Businesses

OxyChem
High FCF, moderate growth business

Midstream
Integrated infrastructure and marketing business to maximize realizations

Oil and Gas Core Areas

United States
• Leading position in the Permian
• Permian Resources is a growth driver

Middle East Region
• Focus areas – Oman, Qatar, and UAE
• Opportunities for growth with partner countries

Latin America
• Highest margin operations in Colombia
• Opportunities for moderate growth with partners
Occidental Petroleum

• Value Proposition
• Portfolio Optimization
• Path To Value Growth
• Differentiators

• High quality portfolio with assets that are designed to support a strong dividend with moderate value growth

• Permian Position (EOR and shale)
  • Low decline, low capital intensity, long life reserves
  • Short cycle, high growth, high rates of return growth potential

• Returns focused strategy

• Conservative balance sheet
Appendix
We currently estimate that our 1Q17 oil and gas production and sales volumes outside of the U.S. will be roughly 10 mboe/d below our earlier expectations. Total company production for 1Q17 is anticipated to be approximately 580 to 585 mboe/d compared to our previous guidance of 590 to 595 mboe/d.

The lower production volumes are due to the combined effect of pipeline disruptions in Colombia (which also impacts our sales volumes due to the timing of liftings), and extended facility turnarounds at Al Hosn and in Dolphin.

We estimate that the lower production and sales volumes, as well as the impact on associated midstream assets and facilities should negatively impact our 1Q17 earnings by approximately $40 mm after tax.

All facilities are anticipated to be running at full capacity as we enter 2Q leading to a sequential recovery in both our production and sales volumes. We expect Permian Resources production for 1Q17 to be in line with our guidance of 127 to 132 mboe/d.
Oil & Gas Segment

- **FY 2017E Total Production**
  - 625,000 – 645,000 BOED
  - Permian Resources production of 140,000 – 150,000 BOED

- **1Q17E Production**
  - Total production of 580,000 – 585,000 BOED
  - Permian EOR production flat
  - Permian Resources production of 127,000 – 132,000 BOED
  - International production impacted by ~25,000 BOED for turnarounds, PSCs, quota compliance and pipeline disruptions.

Production Costs – FY 2017E

- Domestic Oil & Gas: ~$13.00 / BOE

Exploration Expense

- ~$25 mm in 1Q17E

DD&A – FY 2017E

- Oil & Gas: ~$15.00 / BOE
- Chemicals and Midstream: $685 mm

Midstream

- ($60) – ($70) mm pre-tax loss in 1Q17E

Chemical Segment

- ~$150 mm pre-tax income in 1Q17E

Corporate

- FY 2017E Domestic tax rate: 36%
- FY 2017E Int'l tax rate: 55%
- Interest expense of $80 mm in 1Q17E
**Free Cash Flow Improvement**

- Improved market conditions, project start-ups and lower capital should increase free cash flow generation in 2017

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017 vs 2016 FCF Improvement</th>
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<tbody>
<tr>
<td>International O&amp;G</td>
<td>~$400 MM</td>
</tr>
<tr>
<td>Midstream</td>
<td>$150 - $200 MM</td>
</tr>
<tr>
<td>Chemicals</td>
<td>~$400 MM</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$950 - $1,000 MM</strong></td>
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</table>
Cash Flow Improvements Expected in 2017

• **Improved product prices**
  > Annualized cash flow changes ~$100 million for a ~$1.00 / barrel change in oil prices
  > Annualized cash flow changes ~$45 million for a ~$0.50 / Mmbtu change in natural gas prices

• **Improved chemicals performance**
  > Annualized cash flow changes ~$30 million for a ~$10 / ton change in caustic soda prices
  > Start-up of ethylene cracker

• **Additional sources of liquidity in 2017 - 2018 of ~$2 billion including:**
  > Anticipated tax refund of ~$700 million in 1H17
  > Monetization of non-strategic corporate assets
  > Portfolio management & optimization
Total production grew 13% year-over-year to 124 MBOED

Increased activity in 4Q 2016
> 16 wells online in 4Q16 vs. 9 in 3Q16
> Added 7 top tier performing wells in Greater Sand Dunes

1Q17 program: increase in activity expected in 1Q17
> 2 rigs added in January 2017
> 6 operated rigs drilling primarily development wells
> Expect to drill 26 wells and put online 21 wells in 1Q17

2017 program: expect 115 wells online
> Program will be focused in Greater Sand Dunes and Greater Barilla Draw, with 2-3 rigs in each on average
Solving Permian Problems Now

• Single Location Sequenced Laterals - SL2
  > Single vertical well bore producing from multiple zones
  > Reduce section development cost
  > Initial studies and development began mid-2015 with pilot currently underway
  > Potential cost impact per well of $0.5 - $1.0 mm

• Subsurface characterization update with data analytics
  > Identify production drivers
  > High-grade inventory and improve field development plans

• Oxy Drilling Dynamics update with analytics
  > Better wells faster

• Logistics Hubs
  > Integrated partnerships with service contractors
  > Protect margins
Core Countries

- **Oman**: FY16 record production of 96 MBOED through multiple onshore projects utilizing enhanced oil recovery, including steamfloods.

- **Qatar**: FY16 production of 108 MBOED through multiple shallow-water EOR projects, Dolphin and ISSD record production.

- **UAE**: FY16 production of 64 MBOED from the Al Hosn Gas, exceeding performance expectations, including planned turnarounds.
  > Al Hosn 2017 production to increase to over 70 MBOED

2017 Impact

- Improved production and cost reductions at Al Hosn Gas and in Oman should increase free cash flow by ~$300+ MM.
Business Segments

- **Gas Plants**: Natural gas and CO₂ gathering, compression and processing systems to control upstream costs

- **Pipelines - Domestic**: Take-away capacity via common carrier oil pipeline and storage systems, including Centurion pipeline, CO₂ source fields and pipeline systems

- **Pipelines - Foreign**: Stable free cash flow from Dolphin natural gas pipeline

- **Power Generation**: Lower cost electricity through power and steam generating facilities

- **Marketing & Trading**: Market production at highest realizations; includes Ingleside export facility

2017 Impact

- Free cash flow expected to improve $150 - $200+ MM due to better marketing economics and ramp up of Ingleside oil storage and export facility

- Ample takeaway capacity and new outlet for Permian oil production
Ingleside Ethylene Cracker commercial operation in Q1 2017
> All systems turned over for commissioning

50/50 JV with Mexichem in Corpus Christi, TX
> $1.5 Billion for a 1.2 Billion lb/yr cracker, pipeline to Markham, TX and storage
> 20-year supply agreement with Mexichem

OxyChem capital spend will continue to decline in 2017
> Capital spend for cracker will be reduced from $160 mm in 2016 to $35 mm in 2017
> Growth business spending in 2017 will also include capital for an expansion to a plant in Geismar, LA to produce climate-friendly refrigerants (4CPe)
Basic Chemical Market Dynamics Are Shifting

**Spot Domestic Caustic Soda Price***

*Low end of price range as reported by IHS

- Caustic soda prices reversed their multi-year trend of steady decline in mid-2016
- Global caustic soda demand forecasted to outstrip capacity increases again in 2017
  > European mercury technology conversion/closure deadline December 2017
- Higher energy prices will erode some of the impact of higher caustic soda prices

**North American Chlor-Alkali Capacity Share**

- Major industry consolidation is complete after several years of M&A activity
- Protracted poor financial performance in the industry is improving market discipline

---

*Olin 35%*

*OxyChem 24%*

*Westlake 18%*

*Rest of Industry 23%*
Growing the Greater Barilla Draw Area

Q4 Acquisition Highlights

- Increased acreage position to 100,000 net acres & 5,000+ horizontal locations
- Capability to deploy 3 rigs in 2017 and 5+ rigs in 2018+ on acquisition acreage
- Scale allows for operational and subsurface synergies
- Operatorship adds immediate value
  - Lower well costs
  - Better productivity
  - Operating capability
- Unconstrained high value growth capability

Oxy Operating adds over $600mm of future NPV10 to the Greater Barilla Draw Area

*Note: Assumes 5-6 wells per zone per section and future upside potential with downspacing
**Note: NPV10 calculation assumes a modest 3 rig pace with $500K/well cost improvement, $0.50/boe opex improvement and 10% well productivity improvement from the prior operator.