

# Delivering performance, growth and value



Oxy

# Occidental Petroleum Corporation (NYSE: OXY) is a leading international oil and gas exploration and production company, as well as a major North American chemical manufacturer.

The fourth-largest U.S. oil and gas company, based on equity market capitalization, Oxy is an industry leader in applying advanced technology to boost production from mature fields and access hard-to-reach reserves. With more than 10,000 employees, Oxy is committed to respecting the environment, protecting safety and upholding high standards of social responsibility throughout its worldwide operations.

## CORE GEOGRAPHIC REGIONS and worldwide oil and gas production:



United States **60%**

- > Largest oil producer in Texas
- > Largest natural gas producer and third-largest oil producer in California
- > Largest oil producer in New Mexico



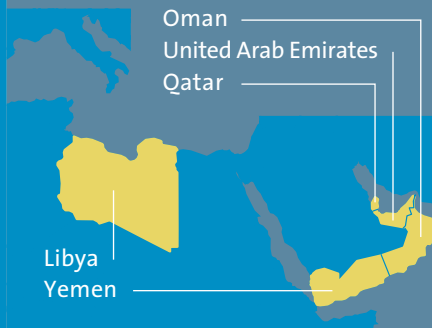
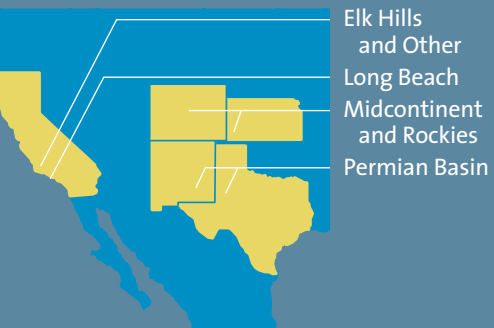
Middle East/North Africa **27%**

- > Partner in the giant Dolphin natural gas project
- > Second-largest oil producer in Oman and offshore Qatar
- > A leading holder of exploration acreage in Libya



Latin America **13%**

- > One of the leading non-government-owned oil companies in Latin America
- > Caño Limón discovery transformed Colombia from oil importer to exporter
- > Inventory of more than 1,000 drilling locations in Argentina



## SELECTED FINANCIAL DATA

Dollar amounts in millions, except per-share amounts

As of and for the years ended December 31,

	2008	2007	2006	2005	2004
<b>Results of Operations<sup>(a)</sup></b>					
Net sales	\$ 24,217	\$ 18,784	\$ 17,175	\$ 14,153	\$ 10,400
Income from continuing operations	\$ 6,839	\$ 5,078	\$ 4,202	\$ 4,838	\$ 2,197
Net income	\$ 6,857	\$ 5,400	\$ 4,191	\$ 5,293	\$ 2,574
Basic earnings per common share from continuing operations	\$ 8.37	\$ 6.08	\$ 4.93	\$ 6.00	\$ 2.78
Basic earnings per common share	\$ 8.39	\$ 6.47	\$ 4.92	\$ 6.56	\$ 3.25
Diluted earnings per common share	\$ 8.35	\$ 6.44	\$ 4.87	\$ 6.47	\$ 3.21
<b>Financial Position<sup>(a)</sup></b>					
Total assets	\$ 41,537	\$ 36,519	\$ 32,431	\$ 26,170	\$ 21,440
Long-term debt, net	\$ 2,049	\$ 1,741	\$ 2,619	\$ 2,873	\$ 3,345
Stockholders' equity	\$ 27,300	\$ 22,823	\$ 19,252	\$ 15,091	\$ 10,597
<b>Market Capitalization<sup>(b)</sup></b>	<b>\$ 48,607</b>	<b>\$ 63,573</b>	<b>\$ 41,013</b>	<b>\$ 32,121</b>	<b>\$ 23,153</b>
<b>Cash Flow</b>					
Cash provided by operating activities	\$ 10,652	\$ 6,798	\$ 6,353	\$ 5,337	\$ 3,878
Capital expenditures	\$ (4,664)	\$ (3,360)	\$ (2,857)	\$ (2,200)	\$ (1,631)
Cash (used) provided by all other investing activities, net	\$ (4,793)	\$ 232	\$ (1,526)	\$ (961)	\$ (797)
Cash used by financing activities	\$ (1,382)	\$ (3,045)	\$ (2,819)	\$ (1,187)	\$ (821)
<b>Dividends Per Common Share</b>	<b>\$ 1.21</b>	<b>\$ 0.94</b>	<b>\$ 0.80</b>	<b>\$ 0.645</b>	<b>\$ 0.55</b>
<b>Basic Shares Outstanding (thousands)</b>	<b>817,635</b>	<b>834,932</b>	<b>852,550</b>	<b>806,600</b>	<b>791,159</b>

(a) See the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of this report and the Notes to Consolidated Financial Statements for information regarding acquisitions and dispositions, discontinued operations and other items affecting comparability.

(b) Market capitalization is calculated by multiplying the year-end total shares of common stock outstanding, net of shares held in treasury stock, by the year-end closing stock price.

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. Words such as "estimate," "project," "predict," "believe," "will," "would," "could," "may," "might," "anticipate," "plan," "intend" and "expect" or similar expressions that convey the uncertainty of future events or outcomes generally identify 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. The Securities and Exchange Commission (SEC) requires oil and natural gas companies, in their filings, to disclose non-financial statistical information about their consolidated entities separately from such information about their equity holdings and not to show combined totals. Certain information in this report is shown on a combined basis; however, the information is disclosed separately in the Notes to the Consolidated Financial Statements included in the 2008 Annual Report on Form 10-K included in this report.

**ON THE COVER:** Oxy continues an aggressive drilling and development program at the Mukhaizna field in Oman, including a major pattern steam flood project for enhanced oil recovery. **INSIDE FRONT COVER:** UNITED STATES: Oxy's THUMS operation in Long Beach, California. MIDDLE EAST/NORTH AFRICA: Oxy's Safah field operation in northern Oman. LATIN AMERICA: Oxy's operation in the San Jorge Basin of southern Argentina.

# Positioned for consistent profitability and growth



**Dr. Ray R. Irani**  
Chairman and  
Chief Executive Officer

I am gratified to report that 2008— one of the most challenging years in recent history— was also Oxy's most successful.

Last year was three years in one for our industry: an initial period of solid growth followed by unprecedented record-high oil prices, and finally a collapse of those prices as the global economy went into recession. Fortunately, Oxy's strategy of strict financial discipline, characterized by astute capital allocation, anticipatory risk management and prudent cash management, positions the company for consistent profitability. In times of economic expansion or downturn, Oxy delivers performance, growth and value.

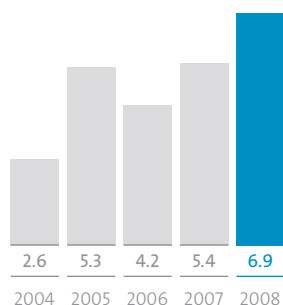
Oxy delivered solid financial performance in 2008, including record earnings of \$6.9 billion—the highest in our 88-year history and an increase of 27 percent from 2007. We achieved these results despite a difficult 2008 fourth quarter in a year that will be long remembered for its economic turbulence. Our cumulative average earnings growth rate over the past five years has been an impressive 35 percent.

A hallmark of our financial strategy is a continual focus on building stockholder value. Oxy's closing stock price on December 31, 2008, was \$59.99. Our total stockholder return has been a peer-group-leading 58 percent during the past three years and 210.5 percent during the past five years. Our 2008 return on equity (ROE) and return on capital employed (ROCE) were 27 percent and 25 percent, respectively —both the highest Oxy has achieved in the past three years.

In 2008, we achieved a production increase of more than 5 percent and growth in multiple areas, with strategic initiatives to capitalize on opportunities to strengthen our position in key locations. In keeping with our strategy, our 2008 acquisitions complement existing Oxy assets and are expected to boost our production totals and enhance stockholder value. We intend to continue acquiring desirable assets as they become available at more attractive prices.

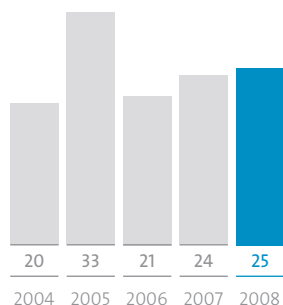
## Net income

\$ in billions



## Return on capital employed (ROCE)\*

Stated as percent



We strive to maximize return on investment while managing risk and minimizing leverage. We aim to be a low-cost producer, keeping a constant eye on operating efficiency. As a result, Oxy has one of the strongest balance sheets in the industry—and the financial flexibility to succeed in the current volatile business environment.

### 2008 Financial Performance

At Oxy we place a premium on achieving top-tier performance, relative to our industry peers, on key financial metrics such as total return to stockholders, ROE, ROCE and other segment-specific measurements. In 2008—a year of unusual market volatility and worldwide economic downturn—Oxy’s record was one of growth, superior returns and strong free cash flow.

Both ROE and ROCE were the highest Oxy has achieved in the past three years. Oxy’s 2008 ROE of 27 percent improved on the 26 percent achieved in 2007 and 24 percent in 2006, and our ROCE of 25 percent was up from 24 percent in 2007 and 21 percent in 2006.

We are pleased with the strength of our year-end balance sheet with less than \$1 billion in net debt. Oxy’s year-end debt-to-capitalization ratio was 9 percent—one of the lowest among all major oil and gas companies. Since year-end 2004, Oxy has reduced debt 29 percent while increasing stockholders’ equity by 158 percent. In 2008, stockholders’ equity grew by 20 percent.

Primarily from our operating cash flow of \$10.7 billion, we spent \$4.7 billion to fund capital expenditures, \$4.7 billion for acquisitions, \$940 million to pay dividends and \$1.5 billion to repurchase 19.8 million shares of Oxy common stock.

We increased the dividend to stockholders by 28 percent in 2008—more than double the 13.6-percent increase in 2007—from an annualized rate of \$1.00 to \$1.28 per share. This was Oxy’s seventh dividend increase since 2002,

bringing the compounded annual dividend growth rate to 16.2 percent over the period. Dividend increases reflect confidence by Oxy’s management and the Board of Directors in the company’s financial and operating performance. The company has paid dividends continuously since 1975 and the Board will continue to evaluate dividends with the objective of generating top-quartile returns to stockholders.

Management’s constant focus on financial strength and flexibility has resulted in a consistent increase in Oxy’s credit ratings. In 2008, Standard & Poor’s Ratings Services and Dominion Bond Rating Service (DBRS) upgraded their ratings of Oxy to “A” and Moody’s Investors Service raised its rating of Oxy to “A2,” while the company maintained its solid “Single A” credit rating from other major rating agencies. This has served the company especially well in today’s volatile capital markets.

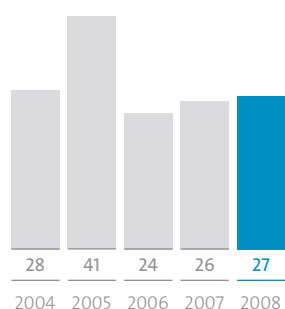
### 2008 Market Performance

While Oxy’s total stockholder return has led its peer group during the past three- and five-year periods, our 2008 year-end stock price declined from year-end 2007, to \$59.99, reflecting the turbulent bear market experienced by nearly all companies. However, it is notable that Oxy outperformed all public U.S. oil and gas companies in 2008 except the two largest. Our stockholder return also exceeded that of the Standard & Poor’s 500 (S&P 500) Index as well as the S&P 500 Integrated Oil & Gas and S&P Oil & Gas Exploration indexes.

To illustrate our consistent strong performance: A \$100 investment in the S&P 500 Index on December 31, 2003, would have lost value by year-end 2008, dropping to \$90. The same \$100 invested in Oxy’s peer group—the eight oil and gas companies we compete against globally for major projects—would have been worth \$170 after five years. But \$100 invested in Oxy stock for that period would have grown to \$311.

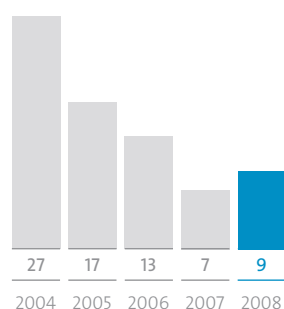
#### Return on equity (ROE)

Stated as percent



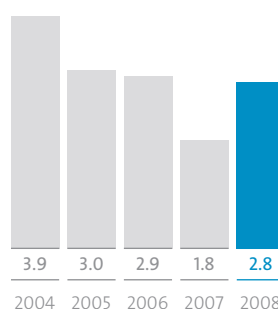
#### Debt-to-capitalization ratio

Stated as percent



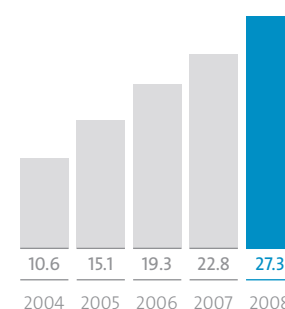
#### Total debt

\$ in billions



#### Stockholders’ equity

\$ in billions



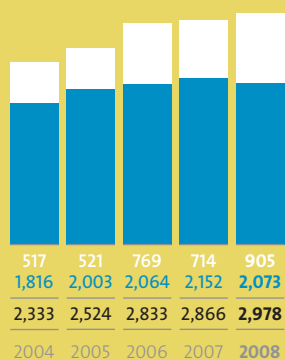
# Growth in worldwide production and reserves



## Oil & natural gas proved reserves

Million BOE

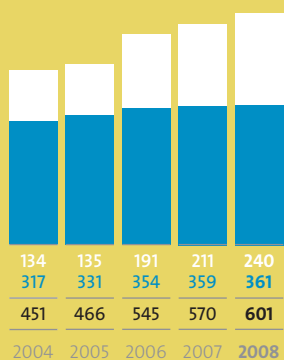
■ International ■ U.S. ■ Total



## Oil & natural gas sales volumes

Thousand BOEPD

■ International ■ U.S. ■ Total



Oxy's operation in Denver City, Texas. Oxy's position in the Permian Basin makes the company the largest oil producer in Texas and the largest oil producer in New Mexico.

## Oxy's success amid the challenges of 2008 is reflected in the continued strong performance of our oil and gas segment, which set a new earnings record for the fifth consecutive year.

Oil and gas earnings from our worldwide operations totaled \$10.7 billion for the 12 months of 2008, compared to \$8 billion for 2007. The nearly 34-percent increase is attributable to several factors, including higher average crude oil and natural gas prices during the year, as well as increased production.

Oxy's worldwide production increased 5.4 percent over 2007, reaching 601,000 barrels of oil equivalent per day (BOEPD). Our average realized oil price for the year was \$88.26 per barrel, 36 percent higher than 2007's average price of \$64.77. Domestic realized natural gas prices increased almost 23 percent from an average price of \$6.53 per thousand cubic feet (Mcf) in 2007 to \$8.03 in 2008.

Even more significant was the growth in our oil and natural gas reserves. We replaced 210 percent of our production in 2008, before the effect of price-related revisions. Oxy's consolidated year-end proved reserves totaled 2.98 billion BOE, compared to 2.87 billion BOE at year-end 2007. Oxy's proved reserve additions over the past three years total 1.1 billion BOE for a replacement rate of 173 percent, making Oxy a leader among our peers in reserve replacement.

Consolidated proved reserve additions from all sources totaled 463 million BOE in 2008, before the effect of price-related revisions. Over half of these additions came from internal sources with improved recovery providing 98 percent. Major increases came from our assets in California, the Permian Basin, the Rockies and Oman. At year-end, 70 percent of Oxy's proved reserves were in North American assets, 22 percent in the Middle East/North Africa and 8 percent in Latin America.

Oxy achieves reserve growth in three principal ways: by utilizing state-of-the-art technology, including enhanced oil recovery (EOR) techniques such as carbon dioxide (CO<sub>2</sub>) flooding to extend the productivity of mature fields; through strategic acquisitions; and through focused exploration. We favor long-lived, "legacy" assets with long-term growth potential in our core geographic regions—the United States, the Middle East/North Africa and Latin America—and we maintain a firm policy of pursuing only those opportunities which we believe meet our standards for return on investment. The ongoing turbulence in the global economy only reinforces the logic of our policy of being highly selective in considering potential transactions.

### United States

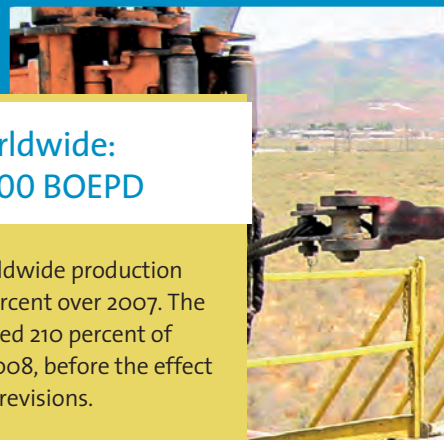
Approximately 60 percent of Oxy's 2008 production—361,000 BOEPD—was generated from our U.S. assets, which include major operations in the Permian Basin of southwest Texas and southeast New Mexico, the Piceance Basin in western Colorado, and several fields in California. U.S. proved reserves at year-end 2008 were 2.07 billion BOE, 70 percent of the company's worldwide total.

Oxy continues to be the leading crude oil producer in the Permian Basin, where we also produce and process natural gas and natural gas liquids. Oxy controls a large inventory of low-decline-rate, long-lived properties in the Permian Basin, an area which accounts for approximately 19 percent of the total U.S. crude oil production. Our total share of 2008 Permian Basin production was approximately 198,000 BOEPD.

A significant 2008 development in the U.S. was our purchase of interests in the Permian and Piceance basins for \$2.7 billion, totaling 26,500 BOEPD net to Oxy at the time of acquisition. In addition to strengthening Oxy's industry-leading position in the Permian, the acquisitions significantly increase our net acreage to more than 77,000 in the Piceance Basin, where we have the capacity to quadruple our natural gas output over time to 200 million cubic feet (MMcf) per day as prices warrant.

Approximately 66 percent of Oxy's Permian Basin oil production is from fields that actively employ carbon dioxide flood technology. Oxy is a world leader in the application of this technology, an EOR technique in which CO<sub>2</sub> is injected into oil reservoirs where it causes the oil to flow more freely into producing wells. In 2008, we conducted significant development activity on 11 CO<sub>2</sub> projects in the Permian, including development of new floods and expansion of existing floods.

Another significant development in 2008 was our entry into an agreement to develop a West Texas hydrocarbon gas processing plant and related pipeline infrastructure that will provide a new source of CO<sub>2</sub> for EOR projects at our existing properties in the Permian. We expect the project to expand Oxy's Permian production by a minimum of 50,000 BOEPD within the next five years, at an attractive cost, all from assets we currently own.



**Domestic:  
361,000 BOEPD**



**International:  
240,000 BOEPD**



**Worldwide:  
601,000 BOEPD**

Approximately 60 percent of Oxy's 2008 production was generated from our U.S. assets, which include major operations in the Permian and Piceance basins and California.

40 percent of Oxy's 2008 production was generated from the company's international assets in the Middle East/ North Africa and Latin America.

Oxy's 2008 worldwide production increased 5.4 percent over 2007. The company replaced 210 percent of production in 2008, before the effect of price-related revisions.

In California, where we operate in more than 50 fields, Oxy is the largest natural gas producer and the third-largest oil producer with average 2008 production of 128,000 BOEPD. Throughout the year, we continued work on infill drilling, field extensions and recompletions as identified through advanced reservoir characterization techniques — another of Oxy's strengths. We plan to continue to fund development and exploration, expand EOR and waterflood projects, and expand our drilling program in California, where we have had recent exploration success.

### Middle East/North Africa

Oxy continues to be a growing, active investor in the Middle East/North Africa region, which accounts for 27 percent of our worldwide oil and gas production. Collectively, our operations in Qatar, Oman, Yemen and Libya produced an average 164,000 BOEPD in 2008. Oxy is the second-largest oil producer in Oman and offshore Qatar, and a leading holder of exploration acreage in Libya. Region reserves at year-end 2008 were 646 million BOE, 22 percent of the company's worldwide total.

Several significant developments during 2008 added to our growing success in the region.

In the first quarter, we signed an agreement with Abu Dhabi's International Petroleum Investment Company (IPIC) for joint participation in hydrocarbon-related investments, further strengthening Oxy's relationship with the Emirate of Abu Dhabi and providing new opportunities to increase the company's presence in the Middle East/North Africa region. This agreement is a natural extension of our longstanding strategic partnership with Abu Dhabi, which currently includes the highly successful Dolphin Project, development

of the giant Mukhaizna field in Oman and exploration projects in Libya — all in partnership with Abu Dhabi's Mubadala Development Company.

In June 2008, Oxy signed agreements with the Libyan National Oil Corporation (NOC) to upgrade our existing contracts as part of a development plan to triple gross production in these areas over the next few years. The agreements increased Oxy's economic returns and provide the basis for NOC and Oxy to design and implement major field redevelopment and exploration programs in Libya's prolific Sirte Basin.

In the fourth quarter of 2008, we signed the preliminary agreement with Abu Dhabi National Oil Company (ADNOC) to appraise and develop two oil and gas fields — Jarn Yaphour and Ramhan — in the Emirate of Abu Dhabi. Oxy would operate both fields and hold a 100-percent interest. Development activities at the Jarn Yaphour onshore field commenced immediately and gross production is expected to be about 10,000 BOEPD, beginning in 2010. First production at the Ramhan field, located in a shallow offshore area, is expected as early as 2011, with projected gross production of approximately 10,000 BOEPD.

Also in the fourth quarter, Oxy joined with Mubadala Development Company in another regional project by signing an Exploration and Production Sharing Agreement to develop four existing gas fields and to explore for potential new discoveries in the Sultanate of Oman. We expect production of 10,000 BOEPD by 2011 net to Oxy. The 20-year agreement covers a 560,682-acre area.

In December, Oxy was notified by the Kingdom of Bahrain that it was the winning bidder for the large-scale project to work with the Bahrain Petroleum Company (BAPCO) to further develop the giant Bahrain field. We hope to complete the relevant agreements and begin work on this exciting project in 2009.





Drilling team at Oxy's Elk Hills, California, operation.

The Dolphin Project, the premier transborder natural gas project in the Middle East, produces gas from wells offshore Qatar and processes it at the onshore plant in Ras Laffan, Qatar, one of the largest facilities of its kind.



In addition to the new projects, our existing operations in the Middle East/North Africa region continue robust production growth.

Oxy is a partner in the giant Dolphin Project, the premier transborder natural gas project in the Middle East, which is one of the region's largest energy initiatives. Dolphin supplies natural gas—produced from wells offshore Qatar, processed at Ras Laffan and transported through a 230-mile-long subsea export pipeline—to markets in the United Arab Emirates and, since November 2008, to additional markets in Oman. Production at the Ras Laffan plant reached full capacity in mid-2008 as demand for natural gas in the U.A.E. and Oman continued to grow. Oxy's share of Dolphin production, which averaged 52,000 BOEPD in 2008, was approximately 58,000 BOEPD in the fourth quarter. At December 31, 2008, Oxy's share of proved oil and gas reserves from the Dolphin Project was 298 million BOE.

In addition to Dolphin, Oxy operates three offshore projects in Qatar: Idd El Shargi North Dome (ISND), Idd El Shargi South Dome (ISSD) and Al Rayyan. In 2008, we received approval from the government of Qatar for the third phase of field development of the ISND field. Drilling under this new development phase will likely continue through 2010.

At the giant Mukhaizna oil field in south-central Oman, where we have a major steam flood project for EOR, strong production growth continues. As of year-end 2008, gross daily production was over six times higher than the production rate in September 2005, when Oxy assumed operation of the field. We plan to steadily increase production through continued expansion of the steam flood project, ultimately expecting to reach a gross production rate of over 150,000 barrels of oil per day by 2012.

### Latin America

Our Latin America operations provided 13 percent of Oxy's worldwide production in 2008. Regional net production for the year was 76,000 BOEPD. Reserves at year-end were 259 million BOE—8 percent of Oxy's total.

In Colombia, Oxy is the operator under four contracts within the Llanos Norte Basin, including the Caño Limón field, whose 25th anniversary was celebrated in 2008. We are a partner in an EOR project in the Middle-Magdalena Basin at La Cira-Infantas field, in which Oxy has a 48-percent working interest. Our share of 2008 production from these Colombia operations was approximately 37,000 BOEPD.

Oxy's Argentina operations, located in the southern and western regions of the country, include 23 concessions, where our share of 2008 production was approximately 36,000 BOEPD. We drilled 162 new wells in 2008 and performed a number of recompletions. We now have an inventory of more than 1,000 drilling locations and expect to significantly increase production in Argentina over the next four years through drilling and the application of improved oil recovery techniques.

### Midstream, Marketing and Other

In 2008, we established a Midstream, Marketing and Other segment which encompasses operations that gather, treat, process, transport, store, trade and market crude oil, natural gas, natural gas liquids, condensate and CO<sub>2</sub>, and generates and markets power. Assets are located primarily near Oxy's oil and gas activities.

Midstream earnings were \$520 million in 2008, an increase of \$153 million, or 42 percent, above the assets' earnings in 2007. The improved results were due primarily to an increase in pipeline income from Oxy's investment in the Dolphin Pipeline, and higher margins in the gas processing business.

## OxyChem manufactures and markets basic chemicals, vinyls and performance chemicals.

These chemicals have a variety of beneficial applications in water treatment, paper production, pharmaceuticals, construction, auto manufacturing, soaps and disinfecting products, among many others. Our chemical segment's core strategy continues to be operating as a low-cost producer to maximize cash-flow generation.

Chemical segment earnings totaled \$669 million in 2008, representing 11-percent growth from the previous year. The improvement was primarily due to higher caustic soda margins, partially offset by lower volumes in chlorine, caustic soda and polyvinyl chloride (PVC).

The 2008 downturn in the housing and automotive industries resulted in a 17-percent decrease in domestic PVC demand. Because exports were up 27 percent compared to 2007, the overall PVC decline was limited to 13 percent in 2008.

Overall demand for our basic chemical products remained strong through the first three quarters of 2008. Although domestic chlorine demand fell below 2007 levels, exports of chlorine-derived products for the year were robust. As the global economy faltered in the fourth quarter, chlorine demand was significantly reduced by the decline in the construction and automotive industries. OxyChem benefited from strong caustic soda demand margins contributing to strong results in the chemical sector.

OxyChem's future performance will depend on a variety of external factors, including recovery of the domestic housing and construction markets, global economic recovery, U.S. competitiveness in the world markets and feedstock and energy pricing. Demand for basic chemicals could decline further in 2009 and industrywide PVC operating rates are expected to be lower in 2009 as a result of weak demand, especially in housing.

## At Oxy we have a companywide commitment to social responsibility — a commitment, wherever we operate, to maintain high ethical standards, ensure a safe and healthy workplace, safeguard the environment, uphold human rights, and respect cultural norms and values.

Oxy's worldwide safety performance was again exemplary in 2008. A key measure of that achievement is the employee Injury and Illness Incidence Rate (IIR), which indicates recordable injuries and illnesses per 100 full-time workers per year. The companywide 2008 IIR was 0.45 — a 10-percent improvement over 2007. This compares exceptionally well to the all-U.S. industry average IIR of 4.2 in 2007 and is the second-best result in our 88-year history. In addition, Oxy's contractor safety performance in 2008 was our best to date. It is a point of pride for our company that, having maintained an employee IIR of less than 1.0 for 13 consecutive years, Oxy ranks among the safest employers in the United States.

We have a strong commitment to responsible environmental stewardship, including reducing emissions from our facilities in a cost-effective manner and, where feasible, capturing, recycling, reusing or marketing methane and CO<sub>2</sub> that would otherwise be emitted.

Oxy constantly strives to reduce costs while enhancing energy efficiency and reliability in our operations, through such means as improved maintenance and operating practices and the use of highly efficient cogeneration facilities to supply power and steam to our oil and gas and chemical operations. These efforts have garnered recognition from government and industry organizations. For example, in 2008 Oxy was named Natural Gas STAR Production Partner of the Year by the U.S. Environmental Protection Agency, reflecting our significant efforts to reduce methane emissions.

A blue heron stands in a wetland, surrounded by green vegetation and yellow flowers. The bird is the central focus, with its long neck and sharp beak clearly visible. The background is a dense field of yellow flowers, likely a wetland habitat. The image is framed by a white border on the left and top, and a yellow border on the right and bottom.

# Responsible stewardship

Oxy's Prairie Wetland Conservation Area in Wichita, Kansas, consists of 440 acres dedicated to wildlife habitat.

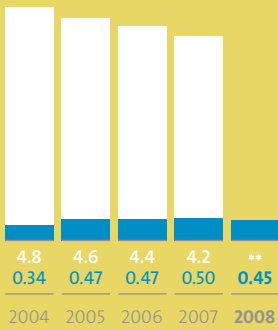
## CORPORATE SOCIAL RESPONSIBILITY

### One of America's safest employers

Oxy's 2008 employee Injury and Illness Incidence Rate of 0.45, the second-best result in our history, is far superior to the 2007 all-U.S. industry average of 4.2.

### Employee recordable injury and illness trend

- Average IIR of all U.S. industries\*
- Oxy Employee IIR



\* Source: U.S. Bureau of Labor Statistics (BLS)  
\*\* 2008 BLS data not available

A field team works on moving a rig to a new location in Santa Cruz, Argentina.

We have incorporated social responsibility directly into our health, environment and safety management system to ensure that security and human rights are appropriately addressed in business planning, risk assessment, training and performance evaluations throughout our worldwide operations. This was a key step in the companywide integration of Oxy's Human Rights Policy, which our Board of Directors adopted in 2004.

Proactive engagement with our many stakeholders—including governments, neighbors and local communities—is a vital element of Oxy's social responsibility program. Before we launch a new project in our international business locations, we first assess what our presence will mean for the local community and the surrounding region. We then partner with local governments, businesses and organizations to identify opportunities to stimulate economic growth and social development. We strive to be a valuable contributor to the communities in which we operate.

Our successful initiatives in Colombia, including community education programs, environmental stewardship and commitment to human rights, are a case in point. Oxy was one of 11 finalists—out of more than 60 companies nominated by U.S. ambassadors around the world—for the U.S. Secretary of State's prestigious 2008 Award for Corporate Excellence. This nomination recognized Oxy's achievements in building trust, understanding and a sustainable partnership with local stakeholders.

Social responsibility is not only the right thing to do, it's good for business. Each of us at Oxy is an ambassador on behalf of our company. Our employees are dedicated to maintaining Oxy's well-deserved reputation as an employer of choice, neighbor of choice and partner of choice.



## LOOKING AHEAD

Oxy's growth and success in the volatile marketplace in 2008 is a clear indicator of our strong future. By remaining faithful to our disciplined financial strategy, we are confident that we will continue to generate strong returns.

With careful management of capital expenditures and our key growth initiatives, we expect to increase our production more than 5 percent in both 2009 and 2010, with much of that growth from our international projects. We expect oil and gas production for the full year of 2009 to increase to between 620,000 and 660,000 BOEPD.

We will continue focused investment in projects that we expect will contribute to the company's growth and value while meeting our strict financial criteria. Our 2009 planned capital program is \$3.5 billion, a level we believe will achieve our targeted returns in the current price environment as well as grow our production volumes in 2009, 2010 and beyond. Approximately 80 percent of the capital will be invested in oil and gas, and the remainder in midstream and chemicals.

In addition to carefully managing our capital program, we are increasing operational efficiency throughout the company. We are reducing key cost areas including overhead and outside services, and we are taking other appropriate steps to further strengthen our overall performance. Investing in initiatives including employee development and college

recruiting programs should assure Oxy of a talent base that will sustain long-term performance.

I want to acknowledge and commend Oxy's employees and management team for their continued superb efforts, and the Board of Directors for their invaluable stewardship. The company's achievements in this turbulent economic environment are a tribute to their ingenuity, hard work and commitment.

The coming months will be challenging for all businesses in all industries. Oxy, however, is well-positioned to succeed in the current economic environment. With our continued focus on core areas, growth in production and reserves, efficient operations and maintaining an exceptionally strong balance sheet, we are confident in our ability to achieve and maintain sustained growth and solid profitability with top-quartile peer group returns for Oxy and our stockholders.

**Dr. Ray R. Irani**  
Chairman and Chief Executive Officer



### EPA Natural Gas STAR award winner

EPA named Oxy its 2008 Natural Gas STAR Production Partner of the Year for its efforts to reduce methane emissions.

### HES and SR: A strong management system

HES policy links security and human rights with Oxy business planning, risk assessment, training and performance evaluations.

### ACE achievement by Oxy Colombia

Oxy was a 2008 finalist for the State Department's prestigious Award for Corporate Excellence (ACE), recognizing its successful SR programs in Colombia.

## BOARD AND OFFICERS



### Board of Directors

*Pictured across top*

**Dr. Ray R. Irani<sup>1,8</sup>**  
Chairman and Chief Executive Officer,  
Occidental Petroleum Corporation

**Spencer Abraham<sup>3,4,7</sup>**  
Chairman and Chief Executive Officer,  
The Abraham Group, LLC;  
former U.S. Secretary of Energy

**Ronald W. Burkle<sup>8</sup>**  
Managing Partner, The Yucaipa Companies

**John S. Chalsty<sup>1,2,3,5,8</sup>**  
Principal, Muirfield Capital Management LLC;  
former Chairman, Donaldson, Lufkin & Jenrette, Inc.

**Edward P. Djerejian<sup>4,5,7</sup>**  
Director, James A. Baker III Institute for Public Policy;  
former U.S. Ambassador

**John E. Feick<sup>1,2,4,8</sup>**  
Chairman, Matrix Solutions Inc.

*Pictured at left*

**Irvin W. Maloney<sup>1,2,3,7</sup>**  
Retired President and Chief Executive Officer,  
Dataproducts Corporation

**Avedick B. Poladian<sup>2</sup>**  
Chief Operating Officer,  
Lowe Enterprises, Inc.

**Rodolfo Segovia<sup>1,3,4,5,7</sup>**  
Director and member of the Executive Committee  
of Inversiones Sanford; former President,  
Ecopetrol—Colombian national oil company

**Aziz D. Syriani<sup>1,2,5,6,8</sup>**  
President and Chief Executive Officer,  
The Olayan Group

**Rosemary Tomich<sup>1,2,3,4,5,7</sup>**  
Owner, Hope Cattle Company and A.S. Tomich  
Construction Company; Chairman and Chief  
Executive Officer, Livestock Clearing, Inc.

**Walter L. Weisman<sup>2,4,5,8</sup>**  
Private investor; former Chairman and  
Chief Executive Officer, American Medical  
International, Inc.

<sup>1</sup> Member of the Executive Committee

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Member of the Executive Compensation  
and Human Resources Committee

<sup>4</sup> Member of the Environmental, Health  
and Safety Committee

<sup>5</sup> Member of the Corporate Governance, Nominating  
and Social Responsibility Committee

<sup>6</sup> Lead Independent Director

<sup>7</sup> Member of the Charitable Contributions Committee

<sup>8</sup> Member of the Dividend Committee

### Officers

**Dr. Ray R. Irani**  
Chairman and Chief Executive Officer

**Stephen I. Chazen**  
President and Chief Financial Officer

### EXECUTIVE VICE PRESIDENTS

**Martin A. Cozyn**  
Executive Vice President—Human Resources

**Donald P. de Brier**  
Executive Vice President,  
General Counsel and Secretary

**James M. Lienert**  
Executive Vice President—Finance and Planning

**R. Casey Olson**  
Executive Vice President;  
President, Oxy Oil and Gas—International

### VICE PRESIDENTS AND KEY EXECUTIVES

**William E. Albrecht**  
Vice President; President, Oxy Oil and Gas—U.S.A.

**B. Chuck Anderson**  
President, Occidental Chemical Corporation

**Gary L. Daugherty**  
Vice President—Internal Audit

**Ian M. Davis**  
Vice President—Government Relations

**Richard S. Kline**  
Vice President—Communications and Public Affairs

**Edward A. Lowe**  
Vice President;  
Executive Vice President, Oxy Oil and Gas—  
International Production and Engineering

**Donald L. Moore, Jr.**  
Vice President and Chief Information Officer

**Roy Pineci**  
Vice President, Controller  
and Principal Accounting Officer

**Christopher G. Stavros**  
Vice President—Investor Relations

**Todd A. Stevens**  
Vice President—Acquisitions and Corporate Finance;  
Vice President, Oxy Oil and Gas—  
California Operations

**Michael S. Stutts**  
Vice President—Tax

**Charles F. Weiss**  
Vice President—Health, Environment and Safety

*As of December 31, 2008*



### Auditors

KPMG LLP  
Los Angeles, California

### Transfer agent and registrar

BNY Mellon  
Shareowner Services  
Newport Office Center VII  
480 Washington Boulevard  
Jersey City, New Jersey 07310  
(800) 622-9231  
www.melloninvestor.com

### Stock exchange listing

Oxy's common stock is listed on the New York Stock Exchange (NYSE). The symbol is "OXY."

### Dividend reinvestment plan

Occidental stockholders owning 25 or more shares of common or preferred stock registered in their name are eligible to purchase additional shares of common stock under the Dividend Reinvestment Plan by investing dividends on a minimum of 25 shares and optional cash payments of up to \$10,000 per month. Information may be obtained from: BNY Mellon, Shareowner Services at www.melloninvestor.com.

### Annual certifications

Occidental has filed the certifications of the chief executive officer and chief financial officer required by Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1 and 31.2 to its 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission. In addition, in 2008, Occidental submitted to the NYSE a certificate of the chief executive officer stating that he is not aware of any violation by the company of the NYSE corporate governance listing standards.

### Current news and general information

Information about Occidental, including news releases, is available on the Internet at www.oxy.com. In addition, our investor package is available by calling toll-free 1-888-OXPETE (1-888-699-7383).

### Available to stockholders

The publications pictured at right are available by writing to Occidental corporate headquarters and at www.oxy.com: Oxy Social Responsibility Report, Oxy Today: Middle East and North Africa, Oxy Corporate Snapshot and Oxy Corporate Governance Principles.



This annual report is printed on Forest Stewardship Council (FSC)-Certified paper that contains wood from well-managed forests, controlled sources and recycled wood or fiber.





## Occidental Petroleum Corporation

[www.oxy.com](http://www.oxy.com)

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