

Occidental Petroleum Corporation
Reconciliation to Generally Accepted Accounting Principles (GAAP)
For the Twelve Months Ended December 31,
(\$ Millions)

	2008		2007	
		Diluted EPS		Diluted EPS
Reported Income	\$ 6,857	\$ 8.35	\$ 5,400	\$ 6.44
Add: significant items affecting earnings				
Gain on sale of Russia joint venture *	-		(412)	
Legal settlements *	-		(112)	
Gain on sale of oil and gas interests	-		(35)	
Asset impairments	599		74	
Sale of exploration properties	-		(103)	
Rig contract terminations	58		-	
Plant closure and impairment	90		-	
Debt purchase expense	-		167	
Facility closure	-		47	
Gain on sale of Lyondell shares	-		(326)	
Severance accrual	-		25	
Tax effect of pre-tax adjustments	(238)		2	
Discontinued operations, net *	(18)		(322)	
Core Results	<u>\$ 7,348</u>	\$ 8.95	<u>\$ 4,405</u>	\$ 5.25

* Amount shown after-tax

Average Diluted Common Shares Outstanding	820.8	839.1
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Occidental Petroleum Corporation
Return on Capital Employed (%)
(\$ Millions)

	<u>2007</u>	<u>2008</u>
Reconciliation to Generally Accepted Accounting Principles (GAAP)		
GAAP measure - earnings applicable to common shareholders	5,400	6,857
Interest expense	199	26
Tax effect of interest expense	(70)	(9)
Earnings before tax-effected interest expense	<u>5,529</u>	<u>6,874</u>
GAAP stockholders' equity	22,823	27,300
DEBT		
GAAP debt		
Debt, including current maturities	1,788	2,747
Non-GAAP debt		
Capital lease obligation	25	25
Total debt	<u>1,813</u>	<u>2,772</u>
Total capital employed	24,636	30,072
Return on Capital Employed (%)	24	25

Worldwide Sales Volumes
Thousand Barrels of Oil Equivalent per Day
Reconciliation to Generally Accepted Accounting Principles (GAAP)

	Consolidated Subsidiaries			Other Interests			Worldwide			% of Total
	OIL	GAS	BOE	OIL	GAS	BOE	OIL	GAS	BOE	
2008										
SALES VOLUMES										
US	263	587	361	-	-	-	263	587	361	60%
Latin America	75	42	82	(6)	-	(6)	69	42	76	13%
Middle East / North Africa	127	208	162	2	-	2	129	208	164	27%
Total	465	837	605	(4)	-	(4)	461	837	601	100%

Natural gas volumes have been converted to equivalent BOE based on energy content of 6,000 cubic feet of gas to one barrel of oil

Worldwide Reserves
Reconciliation to Generally Accepted Accounting Principles (GAAP)

	Consolidated Subsidiaries			Other Interests			Worldwide			% of Total
	OIL	GAS	BOE	OIL	GAS	BOE	OIL	GAS	BOE	
2007										
RESERVES										
US	1,707	2,672	2,152	-	-	-	1,707	2,672	2,152	75%
Latin America	214	208	249	(5)	-	(5)	209	208	244	9%
Middle East / North Africa	305	963	465	3	-	3	308	963	468	16%
Total	2,226	3,843	2,866	(2)	-	(2)	2,224	3,843	2,864	100%

Occidental Petroleum Corporation
Reconciliation to Generally Accepted Accounting Principles (GAAP)
For the Year Ended December 31, 2008

	Consolidated Subsidiaries				TOTAL
	United States	Latin America	Middle East North Africa	Other Eastern	
Capitalized Costs					
Proved properties	22,543	5,177	9,829	-	37,549
Unproved properties	1,855	-	74	4	1,933
	<u>24,398</u>	<u>5,177</u>	<u>9,903</u>	<u>4</u>	<u>39,482</u>
Accumulated DD&A	(6,669)	(1,693)	(4,021)	-	(12,383)
Capitalized cost	<u>17,729</u>	<u>3,484</u>	<u>5,882</u>	<u>4</u>	<u>27,099</u>
Costs Incurred					
Property Acquisition Costs					
Proved Properties	1,819	8	4	-	1,831
Unproved Properties	1,362	-	9	-	1,371
Exploration Costs	130	96	115	-	341
Development Costs	1,740	864	1,835	-	4,439
Cost Incurred	<u>5,051</u>	<u>968</u>	<u>1,963</u>	<u>-</u>	<u>7,982</u>
Results of Operations					
Revenues	9,581	2,009	6,253	-	17,843
Production costs	1,666	429	590	-	2,685
Taxes other than on income	544	36	-	-	580
Exploration expenses	93	54	265	(3)	409
Other operating expenses	350	44	158	1	553
Impairment of suspended costs	-	476	-	-	476
DD&A	1,094	453	760	-	2,307
Pretax income	<u>5,834</u>	<u>517</u>	<u>4,480</u>	<u>2</u>	<u>10,833</u>
Income taxes	1,857	37	2,284	-	4,178
Results of operations	<u>3,977</u>	<u>480</u>	<u>2,196</u>	<u>2</u>	<u>6,655</u>
After-tax Cash					
After-tax income	3,977	480	2,196	2	6,655
+ DD&A	1,094	453	760	-	2,307
+ Impairment of suspended costs	-	476	-	-	476
+ Exploration expense	93	54	265	(3)	409
- Costs incurred (development)	(1,740)	(864)	(1,835)	-	(4,439)
- Costs incurred (exploration)	(130)	(96)	(115)	-	(341)
After-tax cash	<u>3,294</u>	<u>503</u>	<u>1,271</u>	<u>(1)</u>	<u>5,067</u>
Return on Average Net Capitalized Costs					
Capitalized costs					
2008	17,729	3,484	5,882	4	27,099
2007	13,782	3,490	4,895	-	22,167
Average	15,756	3,487	5,389	2	24,633
After-tax income	3,977	480	2,196	2	6,655
Return %	25%	14%	41%		27%

Chemicals Free Cash Flow
Reconciliation to Generally Accepted Accounting Principles (GAAP)
(\$ Millions)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Occidental Petroleum Consolidated Statement of Cash Flows					
Cash flow from operating activities	3,878	5,337	6,353	6,798	10,652
Cash flow from investing activities	(2,428)	(3,161)	(4,383)	(3,128)	(9,457)
Cash flow from financing activities	(821)	(1,187)	(2,819)	(3,045)	(1,382)
Change in cash	<u>629</u>	<u>989</u>	<u>(849)</u>	<u>625</u>	<u>(187)</u>

Chemicals Free Cash Flow

Core results (see reconciliation below)	416	784	906	601	759
Depreciation & amortization expense	260	268	279	304	311
Roundings	-	1	(2)	-	-
Capital expenditures (excluding acquisitions)	(151)	(168)	(248)	(245)	(240)
Free cash flow	<u>525</u>	<u>885</u>	<u>935</u>	<u>660</u>	<u>830</u>

	<u>Core Results</u>	<u>Cash Flow</u>	<u>Capital Spending</u>
3-Year Average (2006-2008)	755	808	244
5-Year Average (2004-2008)	693	767	210

Segment income	416	614	906	601	669
Add: significant items affecting earnings					
Plant closure and impairments	-	-	-	-	90
Hurricane insurance charges	-	11	-	-	-
Write-off of plants	-	159	-	-	-
Core results	<u>416</u>	<u>784</u>	<u>906</u>	<u>601</u>	<u>759</u>