

**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)	
<b>Core Results</b>	<b><u>\$ 7,348</u></b>	<b>\$ 8.95</b>	<b><u>\$ 4,405</u></b>	<b>\$ 5.25</b>

\* 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>
<b>Reconciliation to Generally Accepted Accounting Principles (GAAP)</b>		
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
<b>Return on Capital Employed (%)</b>	23.6	25.1

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**For the Year Ended December 31, 2008**

	Reserves - MMBOE			%	Production - MBOE/D			%
	Oil (a)	Gas	BOE (b)		Oil (a)	Gas	BOE (b)	
California	546	975	708		89	235	128	
Permian	973	849	1,115		168	181	198	
Mid-Continent	28	1,329	250		6	171	35	
United States	1,547	3,153	2,073	70%	263	587	361	60%
Latin America								
Colombia	89	8	91		43	-	43	
Argentina	135	150	160		32	21	36	
Bolivia	0	55	9		-	21	4	
Consolidated Subs	225	212	260		75	42	82	
Colombia - MI	(5)	(0)	(5)		(6)	-	(6)	
	220	212	255	8%	69	42	76	13%
Middle East / North Africa								
Oman	128	83	142		23	24	27	
Qatar	150	-	150		47	-	47	
Dolphin	106	1,153	298		21	184	52	
Yemen	28	-	28		21	-	21	
Libya	27	-	27		15	-	15	
Consolidated Subs	440	1,236	646		127	208	162	
Yemen - Comeco	4	-	4		2	-	2	
	444	1,236	650	22%	129	208	164	27%
Worldwide	2,211	4,601	2,978	100%	461	837	601	100%
% of total	74%	26%	100%		77%	23%	100%	
<b>Per Annual Report</b>								
United States	1,547	3,153	2,073		263	587	361	
International	665	1,448	906		202	250	244	
Consolidated Subsidiaries	2,212	4,601	2,979		465	837	605	
Other Interests (c)	(1)	-	(1)		(4)	-	(4)	
Worldwide	2,211	4,601	2,978		461	837	601	

(a) Includes natural gas liquids and condensate

(b) Natural gas volumes have been converted to BOE based on energy content of six thousand cubic feet to one barrel of oil

(c) Reflect the minority interest in a Colombian subsidiary, partially offset by Occidental's share of reserves and production from an equity investee in Yemen.

(d) Stated on a net basis and after applicable royalties. Includes reserves related to production-sharing contracts and other economic arrangements.

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

	<b>Consolidated Subsidiaries</b>			
	<b>United States</b>	<b>Latin America</b>	<b>Middle East North Africa</b>	<b>CONSOL</b>
<b>Results of Operations</b>				
Revenues	9,581	2,009	6,252	17,842
Production costs	1,666	429	589	2,684
Taxes other than on income	544	36	-	580
Exploration expenses	92	54	181	327
Other operating expenses	350	44	159	553
Impairment of suspended costs	-	476	81	557
DD&A	1,094	453	760	2,307
Pretax income	5,835	517	4,482	10,834
Income taxes	1,857	37	2,284	4,178
Results of operations	<u>3,978</u>	<u>480</u>	<u>2,198</u>	<u>6,656</u>
<b>After-tax Cash</b>				
<b>After-tax income</b>	<b>3,978</b>	<b>480</b>	<b>2,198</b>	<b>6,656</b>
+ DD&A	1,094	453	760	2,307
+ Impairment of suspended costs	-	476	81	557
+ Exploration expense	92	54	181	327
- Costs incurred (development)	(1,740)	(864)	(1,496)	(4,100)
- Costs incurred (exploration)	(130)	(96)	(115)	(341)
<b>After-tax cash</b>	<b><u>3,294</u></b>	<b><u>503</u></b>	<b><u>1,609</u></b>	<b><u>5,406</u></b>
<b>Return on Average Net Capitalized Costs</b>				
Capitalized costs				
2008	17,611	3,484	5,886	26,981
2007	13,782	3,490	4,895	22,167
Average	15,697	3,487	5,391	24,574
After-tax income	3,978	480	2,198	6,656
<b>Return %</b>	<b>25%</b>	<b>14%</b>	<b>41%</b>	<b>27%</b>
<b>Capital</b>				
Development	1,740	864	1,496	4,100
Less: Libya contract extension	-	-	(458)	(458)
Exploration	130	86	115	331
	<u>1,870</u>	<u>950</u>	<u>1,153</u>	<u>3,973</u>
	1.90	1.00	1.20	4.10

**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>

## Midstream

	<u>2008</u>	<u>2007</u>
<b>Segment Income</b>		
Gas processing	224	165
CO2	6	7
Pipelines	125	25
Power Generation	19	3
Marketing	157	174
Others	(11)	(7)
	<u>520</u>	<u>367</u>
<b>CAPEX and Acquisitions</b>		
CAPEX		
Gas processing	290	161
CO2	72	52
Pipelines	128	29
Power Generation	2	1
	<u>492</u>	<u>243</u>
ACQUISITIONS		
Exxon Mobil Mepus CO2 pipeline	30	-
NGL Associates (West TX gas plant)	21	-
Century Plant (Sandridge)	3	-
Plains All American Pipeline	333	-
West Texas Pipeline	-	140
Sheep Mountain	-	46
Roundings	1	1
	<u>388</u>	<u>187</u>
Total	<u>880</u>	<u>430</u>
<b>Net Book Value*</b>		
Gas processing	1,180	687
CO2	204	186
Pipelines	1,226	726
Power Generation	321	335
Marketing	1	1
Roundings	(2)	-
	<u>2,930</u>	<u>1,935</u>

\* Net PP&E and Equity Method Investments