



California State Teachers' Retirement System
100 Waterfront Place, MS-04
West Sacramento, CA 95605-2807



Relational Investors LLC
12400 High Bluff Drive, Suite 600
San Diego, CA 92130

VIA OVERNIGHT MAIL

May 4, 2010

Mr. Aziz D. Syriani, Lead Independent Director
Mr. Spencer Abraham, Executive Compensation and Human Resources Committee Chairman
Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, CA 90024

Dear Messrs. Syriani and Abraham:

As representatives of two of Occidental's ("OXY") significant shareholders, the California State Teachers' Retirement System ("CalSTRS") and Relational Investors LLC, we are writing to inform you of the reasons behind our decision to vote against the advisory vote approving executive compensation and the election of all incumbent board members at OXY's 2010 Annual Meeting. We are evaluating further action, including nominating replacement directors for members of the board's Executive Compensation and Human Resources Committee (the "Compensation Committee").

Executive Compensation Plan

We remain frustrated with the board's consistent failure to design an executive compensation plan with equitable awards and challenging targets. Target awards are set materially in excess of peers, and performance targets are set too low based on expected future commodity prices. This combination leads to outsized payments relative to performance and fosters an environment that impairs employee morale, sours shareholder relations, and complicates effective management succession planning. We have repeatedly communicated these concerns to you, including at both the July 2009 and February 2010 ESG Meetings, yet remain unsatisfied that the board is sincerely addressing either issue.

We support many of the elements of OXY's executive compensation program. Specifically, we favor the long-term, performance-based nature of the plan. Tying pay to achievement of long-term, objective performance metrics properly aligns pay with shareholder interests. Using both operational (Return on Equity "ROEI") and market-based (Total Shareholder Return "TSRI") benchmarks provide strong incentive for management to maximize long-term returns. We have previously stated that we endorse the plan design and, if properly structured, it can serve as an excellent model to drive performance. Awarding excessive amounts to the CEO, however, wastes shareholder money and creates enormous pay disparities both externally relative to peers and internally relative to other executive officers. This practice of essentially giving away tens

of millions of dollars of shareholder wealth is compounded by the board's habit of setting performance targets way too low. Unfortunately, these factors overwhelmingly negate the benefits of the plan's excellent design.

Since 2004, targeted compensation for OXY's CEO has averaged approximately 325% of its peer group median (Exhibit 1). Moreover, payout at expected maximum levels for both the ROEI and TSRI awards is likely to lead to even much larger discrepancies. To properly represent shareholder interests, the board must set compensation targets at levels consistent with industry standards. OXY well exceeds any industry norm. For example, OXY's CEO pay targets have averaged 60% higher than Exxon Mobil's, a company with a market capitalization approximately 450% of OXY's.

We support extraordinary pay for extraordinary performance, but not wildly excessive pay. We recognize and appreciate the significant contributions made by OXY's management team, which is evidenced by the superior stock-price performance over the last decade. Management justly deserved superior pay for this performance, and they have been well paid. In the case of OXY's CEO's pay, however, the pay has been extraordinarily excessive. By setting awards too high and targets too low, OXY's board essentially set up a give-away program where tens of millions of dollars of pay is not truly at risk. The current compensation scheme can too easily reward extraordinary pay for even below average performance.

Prior to implementing the current ROEI design in July 2007, OXY's median ROE for the prior seven years was 25.9%, with a low in 2002 of 19.5%. Despite this, the board set the cumulative three-year ROE target at 43.5%, the cut-in threshold at 33%, and maximum payout at 54%, resulting in annualized target, threshold, and maximum ROE's of approximately 14.5%, 11%, and 18%, respectively. Additionally, WTI oil prices averaged \$39.66/bbl during this seven year period, yet as of June 30, 2007, the three-year oil strip was \$72.09/bbl. It is not readily apparent that the board factored in these expected higher oil prices when setting ROE targets.

We acknowledge that an increasing equity base over time creates more challenging hurdles for driving ROE outperformance; however, the 14.5% ROE target is simply too low in virtually any scenario. During 2009, OXY's CEO realized \$70MM from the performance restricted stock units granted in 2006 under the previous plan, which had an ROE target of approximately 15% and ultimately paid out at maximum award. Moreover, the 2007 year grant, which vests in 2010, is all but certain to pay out at maximum, again resulting in a two-times target award, or \$58.5MM. (Note that these awards are for the ROE component only and do not include any TSR based award.) Disturbingly, the ROE target for 2008's grant was not increased even though as of June 30, 2008, the three-year oil strip was \$135.81/bbl, 88% higher than the previous year, when targets were first set under the current plan. Recognizing that commodity prices can be extremely volatile, the ROE targets must have some adjustment mechanism to account for large price swings, otherwise awards could be made for results largely unrelated to management's actions.

Even after the collapse of oil prices in late 2008 and early 2009, using current consensus earnings estimates and strip prices, we estimate the 2008 and 2009 year grants are projected to

pay out somewhere between target and maximum. Based on management's projected production growth and the current strip, if no adjustment is made to the plan, expected 2010 awards would also likely pay out at maximum (Exhibit 2).

We are also troubled with the board's failure to disclose the basis for the ROE targets. Both historical and projected payouts at either maximum or near-maximum levels suggest that little fiduciary rigor was applied in setting the exceedingly low relative targets.

To remedy these problems, we recommend that the board make the following changes to its long-term incentive plan commencing with the July 2010 award: (1) reduce the targeted compensation award to levels commensurate with the peer group, (2) establish ROE targets reflecting current commodity pricing expectations (such as futures strips) and deployment of excess capital, and (3) significantly improve the transparency surrounding how and why the board sets specific compensation targets.

Succession Planning

Over the last decade OXY has significantly outperformed both the S&P 500 Index and its peer group. Both management and the board deserve due credit. However, as the Chairman and CEO has now reached the company's mandatory retirement age for board members of 75, it is critical that the board undertake a thorough review of succession planning and communicate its intention to shareholders. An orderly transition to the next CEO is vital to the company's continued growth and superior valuation.

We are concerned, however, that the board is not vigorously planning for CEO succession. The July 2007 extension of the CEO's employment agreement through May 2015 to age 80 belies adherence to the board-imposed retirement age and effectively ties the board's hands to properly oversee succession planning. This issue, combined with the fact that two additional board members are currently past the mandatory retirement age and the average board tenure is over 13 years, gives the perception that the board is entrenched and lacks appropriate independence. Additionally, as you may be aware, the SEC has re-evaluated their policy on excluding shareholder proposals relating to succession planning and has allowed several such proposals on the proxy this year. Given OXY's inactions in this area it is likely that a shareholder will file a proposal relating to succession planning for the 2011 proxy.

The granting of excessive compensation awards and the board's lack of any demonstrable succession planning are necessarily intertwined. The CEO's excessive compensation awards create a palpable conflict of interest and give rise to a strong incentive to delay retirement. Without an independent chairman, it is difficult to properly address either of these matters.

The 28% withhold vote for directors at the 2009 Annual Meeting demonstrates shareholders' dissatisfaction with the board in tackling both executive pay and succession planning. Additionally, shareholders' growing impatience with the perceived lack of board independence clearly resulted in this year's proposal to split the CEO and Chairman roles. We are

disappointed the board chose to prevent this proposal to go to a shareholder vote by settling the matter.

Despite our frustration, we do commend the recent nomination of Steve Chazen to the board. While this is a positive first step, the succession plan is still woefully inadequate. It is well known that organization structures with highly compensated, long-tenured CEOs can have an insidious impact on morale throughout the organization and make it more difficult to retain and attract talent.

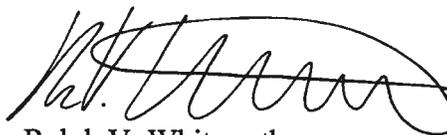
As mentioned above, we are assessing whether to nominate one or more highly qualified, independent directors in place of current Compensation Committee members for the 2011 Annual Meeting. Last year's 28% withhold vote strongly indicates there would be broad support for an effort to elect shareholder-friendly directors. In the interim, we urge the board to promptly develop a comprehensive and concrete succession plan and set appropriate targets and award levels for executive compensation.

Please do not hesitate to contact either of us if you have additional questions regarding these matters.

Sincerely,



Anne E. Sheehan
Director of Corporate Governance
California State Teachers' Retirement System



Ralph V. Whitworth
Principal
Relational Investors LLC

Enclosures (3)

cc: Dr. Ray R. Irani, Chairman and Chief Executive Officer

Exhibit I: Target CEO Total Compensation

	Target CEO Total Compensation ⁽¹⁾⁽²⁾						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Avg</u>
OXY	\$31,988,771	\$59,955,811	\$51,424,954	\$49,128,114	\$46,485,624	\$52,332,806	
APA	\$3,761,045	\$6,276,776	\$6,121,091	\$7,666,034	\$38,528,620	\$7,689,513	
APC	\$3,250,260	\$8,307,047	\$15,334,897	\$19,806,863	\$22,369,223	\$25,755,067	
BP	\$14,870,316	\$19,331,472	\$18,540,420	\$14,892,454	\$7,721,986	\$11,756,517	
CVX	\$11,373,157	\$12,257,301	\$18,282,908	\$14,205,241	\$13,680,028	\$15,738,245	
COP	\$16,513,299	\$18,929,838	\$19,051,215	\$15,405,380	\$25,013,052	\$15,134,873	
DVN	\$12,304,315	\$11,008,604	\$17,480,279	\$18,207,920	\$19,935,527	\$16,202,560	
XOM	\$39,235,126	\$46,338,800	\$22,440,807	\$27,172,280	\$32,211,079	\$27,168,317	
RDS	\$5,063,540	\$11,171,856	\$11,022,027	\$13,370,235	\$17,268,457	\$8,725,100	
Peer Max	\$39,235,126	\$46,338,800	\$22,440,807	\$27,172,280	\$38,528,620	\$27,168,317	
Peer Min	\$3,250,260	\$6,276,776	\$6,121,091	\$7,666,034	\$7,721,986	\$7,689,513	
Peer Median	\$11,838,736	\$11,714,578	\$17,881,594	\$15,148,917	\$21,152,375	\$15,436,559	
Irani % of Median	270%	512%	288%	324%	220%	339%	325%

(1) Peers defined in OXY 2009 Proxy.

(2) Assume 50% of excess capital is used for share repurchases and 50% for acquisitions. See methodology for full calculation.

Exhibit II: Expected ROEI Payouts

Consensus Payout Expectations					
Consensus 3-					
Grant Date	Payout Date	3-Yr Oil Strip⁽¹⁾	Year Cumulative ROE⁽²⁾	Expected ROEI Payout % of Target⁽³⁾	Expected CEO Compensation \$MM⁽⁴⁾
6/30/2006	6/30/2009	\$76.77	66.8%	200%	\$69.7
6/30/2007	6/30/2010	\$81.18	56.9%	200%	\$58.5
6/30/2008	6/30/2011	\$79.37	45.3%	117%	\$34.3
6/30/2009	6/30/2012	\$87.30	50.3%	165%	\$37.1
6/30/2010	6/30/2013	\$93.10	55.4%	200%	\$45.0

(1) WTI Cushing crude oil spot price used for historical periods and NYMEX WTI strip prices for future periods (Source: Bloomberg). Strip prices as of 5/2/2010.

(2) See methodology in appendix II for full calculation.

(3) Actual payout for 6/30/06 grant.

(4) Expected compensation defined as target compensation \$MM multiplied by Expected ROEI Payout % of target (column 5). As the 6/30/06 grant is paid in shares, the realized compensation is the awarded shares (including reinvested dividend equivalents) multiplied by the share price at the award date (6/30/09).



Occidental Petroleum Corporation

Compensation Analysis Detailed Support for Letter Dated 5/4/2010

Relational does not seek to obtain material non-public information from our communications with the company. Representatives of the company are obligated to comply with Regulation FD and, in the event material non-public information is disclosed to us, the company shall make the necessary disclosures and filings.



Exhibit I: Target CEO Total Compensation

Target CEO Total Compensation ⁽¹⁾⁽²⁾							
	2004	2005	2006	2007	2008	2009	Avg
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2 Assume 50% of excess capital is used for share repurchases and 50% for acquisitions. See methodology for full calculation.

3 See appendix I for supporting detail.



Exhibit II: Expected ROEI Payouts

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3 Actual payout for 6/30/06 grant.

4 Expected compensation defined as target compensation \$MM multiplied by Expected ROEI Payout % of target (column 5). As the 6/30/06 grant is paid in shares, the realized compensation is the awarded shares (including reinvested dividend equivalents) multiplied by the share price at the award date (6/30/09).

5 See appendix II for supporting detail.



Appendix I: Target Compensation Methodology

- RI estimated the grant-date fair value of targeted compensation from 2004-2009 for OXY's defined peer group companies as disclosed in its Proxy for the 2010 annual meeting. The peer companies are: APA, APC, BP, CVX, COP, DVN, XOM, RDS.

Adjustments to Estimate Target Compensation for OXY and peers:

- Salary: No adjustment
- Bonus: Target if disclosed by company. Actual if target is not disclosed.
- Stock Awards: Grant-date fair value as disclosed by company. If not disclosed by company, estimated by RI.
- Option Awards: Grant-date fair value as disclosed by company. If not disclosed by company, estimated by RI.
- Non-Equity Incentive Compensation: Target if disclosed by company. Actual if target is not disclosed.
- Change in Pension Value/Non-qualified Deferred Compensation: No Adjustment
- All Other Compensation: No adjustment



OXY CEO Compensation

	OXY CEO Compensation					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Proxy Compensation</u>						
Salary	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,170,000
Bonus	3,380,000	3,640,000	1,396,000	1,716,000	900,000	1,200,000
Stock Awards	16,850,800	30,900,180	30,995,422	16,614,425	15,747,997	24,758,827
Option Awards	8,474,481	21,385,798	17,372,169	--	--	--
Non-Equity Incentive Comp.	7,681,905	10,561,324	1,404,000	2,574,000	2,730,000	2,552,550
Change in Pension Value + Nonqual Deferred Comp.			601,693	584,168	--	--
All Other Compensation	1,723,481	2,599,792	2,479,243	1,891,414	1,849,627	1,719,979
Total	39,410,667	70,387,094	55,548,527	24,680,007	22,527,624	31,401,356
<u>Target Compensation</u>						
Salary	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,170,000
Bonus			780,000	858,000	910,000	819,000
Option Awards	8,474,481	21,385,798	17,724,000			
Restricted Stock	16,850,800	30,900,180				
ROEI			25,225,000	29,250,000	29,250,000	22,500,000
TSRI	1,950,010	1,950,041	2,145,018	13,957,532	11,810,997	24,758,827
Non-Equity Incentive Comp. (EICP)	1,690,000	1,820,000	1,170,000	1,287,000	1,365,000	1,365,000
Change in Pension Value + Nonqual Deferred Comp.	--	--	601,693	584,168	--	--
All Other Compensation	1,723,481	2,599,792	2,479,243	1,891,414	1,849,627	1,719,979
Total	31,988,771	59,955,811	51,424,954	49,128,114	46,485,624	52,332,806



APA CEO Compensation

APA CEO Compensation						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Proxy Disclosure</u>						
Salary	900,000	1,175,000	1,331,250	1,437,500	1,493,750	1,387,500
Bonus	1,200,000	1,100,000	--	--	--	--
Stock Awards	452,408	1,201,850	1,345,441	1,517,103	36,440,754	1,799,590
Option Awards			553,764	1,362,474	--	647,242
Non-Equity Incentive Comp.	894,298	1,067,510	1,100,000	1,900,000	500,000	2,500,000
Change in Pension Value + Nonqual Deferred Comp.			335,106	976,446	(593,003)	670,077
All Other Compensation	314,339	439,556	620,100	472,511	687,119	685,104
Total	3,761,045	4,983,916	5,285,661	7,666,034	38,528,620	7,689,513
<u>Target Compensation</u>						
Salary	900,000	1,175,000	1,331,250	1,437,500	1,493,750	1,387,500
Bonus	1,200,000	1,100,000	--	--	--	--
Stock Awards	452,408	1,201,850	1,351,344	1,517,103	36,440,754	1,799,590
Option Awards		1,292,860	1,383,291	1,362,474	--	647,242
Non-Equity Incentive Comp.	894,298	1,067,510	1,100,000	1,900,000	500,000	2,500,000
Change in Pension Value + Nonqual Deferred Comp.			335,106	976,446	(593,003)	670,077
All Other Compensation	314,339	439,556	620,100	472,511	687,119	685,104
Total	3,761,045	6,276,776	6,121,091	7,666,034	38,528,620	7,689,513



APC CEO Compensation

APC CEO Compensation						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Proxy Compensation</u>						
Salary	1,100,000	1,133,333	1,316,667	1,415,385	1,510,385	1,567,500
Bonus	1,815,000	1,859,000	160,860	--	--	--
Stock Awards		2,609,100	5,252,940	15,490,355	9,572,026	12,158,360
Option Awards			1,592,237	6,215,280	7,121,658	5,293,585
Non-Equity Incentive Comp.	--	1,538,568	1,882,834	2,962,400	3,416,491	3,749,460
Change in Pension Value + Nonqual Deferred Comp.			2,633,633	693,859	1,643,878	3,956,376
All Other Compensation	217,660	354,757	595,295	572,368	571,276	741,496
Total	3,132,660	7,494,758	13,434,466	27,349,647	23,835,714	27,466,777
<u>Target Compensation</u>						
Salary	1,100,000	1,133,333	1,316,667	1,415,385	1,510,385	1,567,500
Bonus	165,000	--	160,860	--	--	--
Stock Awards	447,600	4,105,800	5,998,245	10,665,851	9,572,026	12,158,360
Option Awards	--	1,150,972	2,940,197	4,639,400	7,121,658	5,293,585
Non-Equity Incentive Comp.	1,320,000	1,562,185	1,690,000	1,820,000	1,950,000	2,037,750
Change in Pension Value + Nonqual Deferred Comp.	--	--	2,633,633	693,859	1,643,878	3,956,376
All Other Compensation	217,660	354,757	595,295	572,368	571,276	741,496
Total	3,250,260	8,307,047	15,334,897	19,806,863	22,369,223	25,755,067



BP CEO Compensation

BP CEO Compensation						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
All values in pounds unless otherwise stated						
<u>10-K Remuneration</u>						
Salary	1,382,000	1,451,000	1,531,000	877,000	998,000	1,045,000
Bonus	2,280,000	1,750,000	900,000	1,262,000	1,496,000	2,090,000
EDIP Shares Vested	1,905,000	3,067,000	2,044,000	--	336,000	551,000
Option Awards						
Pension Benefits						
Non-cash benefits and other emoluments	82,000	90,000	95,000	14,000	15,000	23,000
Total	5,649,000	6,358,000	4,570,000	2,153,000	2,845,000	3,709,000
Average \$/Pound Exchange Rate	\$1.8830	\$1.8200	\$1.8430	\$2.0020	\$1.8545	\$1.5597
Compensation, \$USD	10,637,067	11,571,560	8,422,510	4,310,306	5,276,053	5,784,918
<u>Target Compensation</u>						
Salary	1,382,000	1,451,000	1,531,000	877,000	998,000	1,045,000
Bonus	1,520,200	1,886,300	1,990,300	1,140,100	1,197,600	1,254,000
EDIP Award Target	2,696,400	4,385,388	4,722,613	1,482,688	1,944,318	2,472,691
Option Awards	948,541					
Pension Benefits	1,268,000	2,809,000	1,721,000	3,925,000	9,000	2,743,000
Non-cash benefits and other emoluments	82,000	90,000	95,000	14,000	15,000	23,000
Total	7,897,141	10,621,688	10,059,913	7,438,788	4,163,918	7,537,691
<u>Target Compensation \$USD</u>						
Salary	2,602,306	2,640,820	2,821,633	1,755,754	1,850,791	1,629,884
Bonus	2,862,537	3,433,066	3,668,123	2,282,480	2,220,949	1,955,861
EDIP Award Target	5,077,321	7,981,406	8,703,776	2,968,341	3,605,738	3,856,650
Option Awards	1,786,103	--	--	--	--	--
Pension Benefits	2,387,644	5,112,380	3,171,803	7,857,850	16,691	4,278,250
Non-cash benefits and other emoluments	154,406	163,800	175,085	28,028	27,818	35,873
Total \$USD	14,870,316	19,331,472	18,540,420	14,892,454	7,721,986	11,756,517



CVX CEO Compensation

	CVX CEO Compensation					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Proxy Compensation</u>						
Salary	1,506,250	1,550,000	1,620,833	1,650,000	1,650,000	1,793,750
Bonus	3,950,000	3,500,000				
Stock Awards	841,120	3,575,250	13,008,715	4,511,240	4,262,160	5,069,450
Option Awards	3,505,057	5,419,182	6,922,146	5,726,250	4,391,750	4,838,400
Non-Equity Incentive Comp.			3,500,000	3,600,000	3,220,000	3,000,000
Change in Pension Value + Nonqual Deferred Comp.			6,322,578	--	1,046,734	1,331,917
All Other Compensation	205,214	175,083	228,617	255,251	266,884	517,228
Total	10,007,641	14,219,515	31,602,889	15,742,741	14,837,528	16,550,745
<u>Target Compensation</u>						
Salary	1,506,250	1,550,000	1,620,833	1,650,000	1,650,000	1,793,750
Bonus						
Stock Awards	4,176,636	3,133,036	3,034,880	4,511,240	4,262,160	5,069,450
Option Awards	3,505,057	5,419,182	5,096,000	5,726,250	4,391,750	4,838,400
Non-Equity Incentive Comp.	1,980,000	1,980,000	1,980,000	2,062,500	2,062,500	2,187,500
Change in Pension Value + Nonqual Deferred Comp.	--	--	6,322,578	--	1,046,734	1,331,917
All Other Compensation	205,214	175,083	228,617	255,251	266,884	517,228
Total	11,373,157	12,257,301	18,282,908	14,205,241	13,680,028	15,738,245



COP CEO Compensation

	COP CEO Compensation					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Proxy Compensation</u>						
Salary	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Bonus	4,100,000	6,800,274	--	--	--	--
Stock Awards			26,396,778	4,826,891	5,454,676	5,669,518
Option Awards	6,811,128	4,898,216	6,340,259	4,938,290	5,738,304	5,737,576
Non-Equity Incentive Comp.		22,533,686	3,383,775	3,442,500	1,417,500	1,278,788
Change in Pension Value + Nonqual Deferred Comp.			5,449,910	1,727,552	9,776,065	--
All Other Compensation	262,394	227,660	373,302	387,647	519,007	202,779
Total	12,673,522	35,959,836	43,444,024	16,822,880	24,405,552	14,388,661
<u>Target Compensation</u>						
Salary	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Bonus		1,999,998				
Stock Awards	3,839,777	5,503,688	5,372,635	4,826,891	5,454,676	5,669,518
Option Awards	6,811,128	4,898,216	4,330,368	4,938,290	5,738,304	5,737,576
Non-Equity Incentive Comp.	4,100,000	4,800,276	2,025,000	2,025,000	2,025,000	2,025,000
Change in Pension Value + Nonqual Deferred Comp.	--	--	5,449,910	1,727,552	9,776,065	--
All Other Compensation	262,394	227,660	373,302	387,647	519,007	202,779
Total	16,513,299	18,929,838	19,051,215	15,405,380	25,013,052	15,134,873



DVN CEO Compensation

	DVN CEO Compensation					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Proxy Compensation</u>						
Salary	1,100,000	1,100,000	1,200,000	1,200,000	1,400,000	1,400,000
Bonus	2,200,600	2,200,600	2,600,600	2,600,600	3,000,600	2,100,600
Stock Awards	2,814,365	3,598,338	2,108,855	5,215,275	6,015,972	5,582,500
Option Awards	6,177,050	3,951,520	2,357,432	6,519,791	5,960,352	5,761,447
Non-Equity Incentive Comp.						
Change in Pension Value + Nonqual Deferred Comp.			4,402,009	2,425,191	3,219,047	1,034,772
All Other Compensation	12,300	158,146	243,949	247,063	339,556	323,241
Total	12,304,315	11,008,604	12,912,845	18,207,920	19,935,527	16,202,560
<u>Target Compensation</u>						
Salary	1,100,000	1,100,000	1,200,000	1,200,000	1,400,000	1,400,000
Bonus	2,200,600	2,200,600	2,600,600	2,600,600	3,000,600	2,100,600
Stock Awards	2,814,365	3,598,338	5,099,767	5,215,275	6,015,972	5,582,500
Option Awards	6,177,050	3,951,520	3,933,954	6,519,791	5,960,352	5,761,447
Non-Equity Incentive Comp.						
Change in Pension Value + Nonqual Deferred Comp.	--	--	4,402,009	2,425,191	3,219,047	1,034,772
All Other Compensation	12,300	158,146	243,949	247,063	339,556	323,241
Total	12,304,315	11,008,604	17,480,279	18,207,920	19,935,527	16,202,560



XOM CEO Compensation

XOM CEO Compensation						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Proxy Compensation</u>						
Salary	3,600,000	4,000,000	1,500,000	1,750,000	1,870,000	2,057,000
Bonus	3,920,500	4,900,500	2,800,000	3,360,000	4,000,000	2,400,000
Stock Awards	28,000,500	32,087,000	4,159,713	16,120,900	17,604,000	16,963,875
Option Awards	--	--				
Non-Equity Incentive Comp.	2,160,000	7,484,508				
Change in Pension Value + Nonqual Deferred Comp.			4,067,544	5,511,588	8,290,253	5,466,517
All Other Compensation	393,610	450,800	482,238	429,792	446,826	280,925
Total	38,074,610	48,922,808	13,009,495	27,172,280	32,211,079	27,168,317
<u>Target Compensation</u>						
Salary	3,600,000	4,000,000	1,500,000	1,750,000	1,870,000	2,057,000
Bonus	3,620,508	4,900,500	2,800,000	3,360,000	4,000,000	2,400,000
Stock Awards	28,000,500	32,087,000	13,591,025	16,120,900	17,604,000	16,963,875
Option Awards						
Non-Equity Incentive Comp.	3,620,508	4,900,500				
Change in Pension Value + Nonqual Deferred Comp.			4,067,544	5,511,588	8,290,253	5,466,517
All Other Compensation	393,610	450,800	482,238	429,792	446,826	280,925
Total	39,235,126	46,338,800	22,440,807	27,172,280	32,211,079	27,168,317



RDS CEO Compensation

RDS CEO Compensation

2004 2005 2006 2007 2008 2009 2009P

All Values in Euro unless otherwise stated

Note: CEO Peter Voser was promoted in 2009, and his 2009 compensation only reflects 6 months at the CEO position. "2009P" is his projected 2009 compensation were he CEO for the entire year.

Remuneration

Earnings		3,484,246	3,694,211	4,692,909	5,700,002	3,157,000	
Value of released LTIP Awards		176,349			2,693,246	690,000	
Value of DBP Awards					386,946	--	
Value of Exercised Share Options			286,843	389,564	--	--	
Pension Benefits		2,155,000	1,458,000	1,421,000	1,540,000		
Total Compensation		5,815,595	5,439,054	6,503,473	10,320,194	3,847,000	
Euro/Dollar Exchange Rate	0.80	0.80	0.79	0.73	0.68	0.72	0.72
Total Compensation \$USD		7,239,942	6,879,757	8,963,732	15,096,379	5,350,000	

Target Compensation

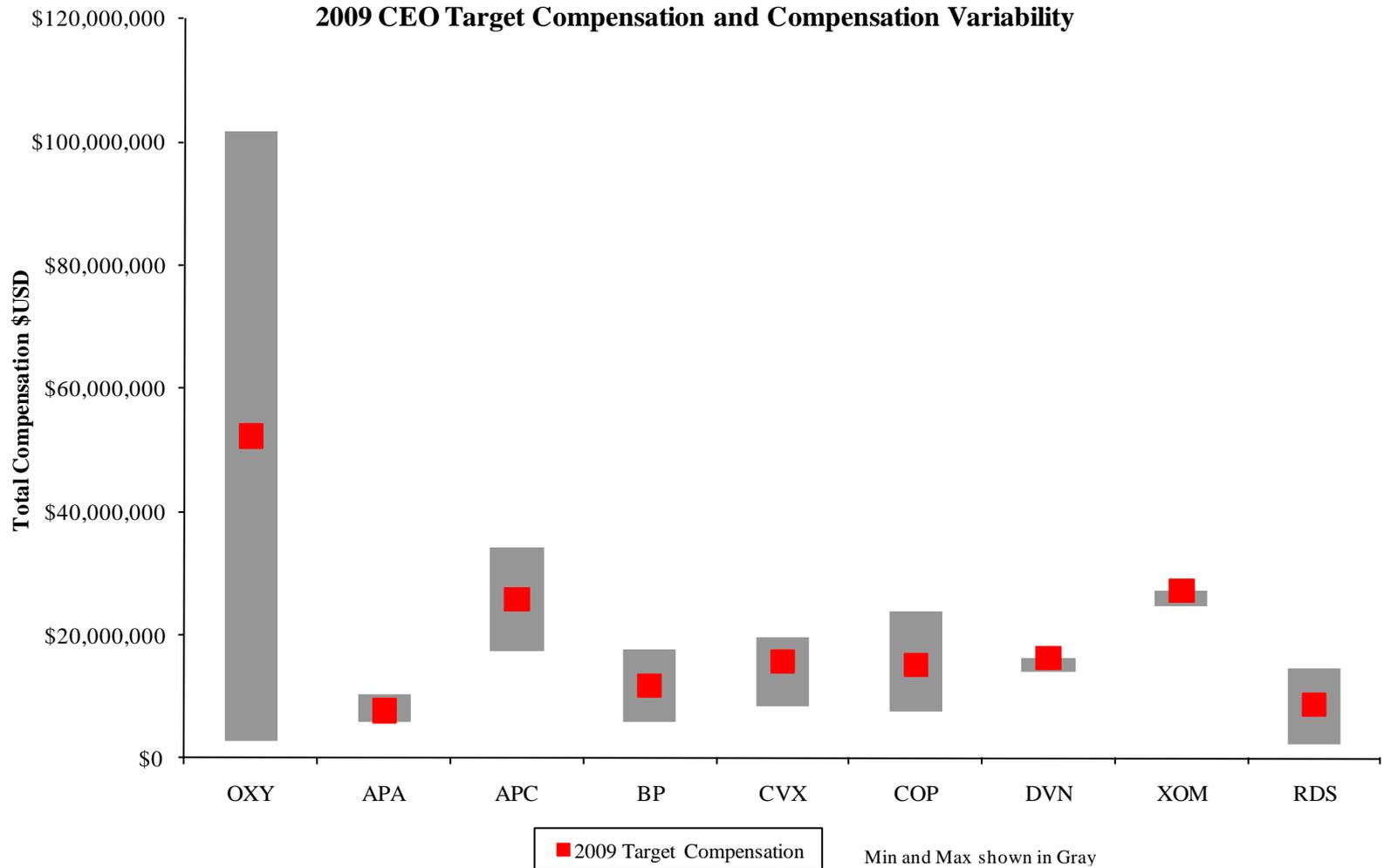
Salary	1,281,774	1,525,000	1,625,000	1,775,000	1,925,000	1,267,000	1,500,000
Bonus	1,281,774	1,525,000	1,625,000	2,130,000	2,887,500	1,647,100	2,250,000
Cash Benefits	15,505	16,632	15,840	15,000	14,100	23,000	23,000
Non-cash Benefits	2,538	5,114	13,371	16,909	10,902	3,000	3,000
LTIP	1,122,292	3,247,560	3,389,921	3,477,789	4,153,079	2,320,000	2,320,000
Deferred Bonus Plan	371,254	499,659	586,752	864,833	1,274,490	177,917	177,917
Pension Benefits	--	2,155,000	1,458,000	1,421,000	1,540,000	--	--
Total Compensation	4,075,137	8,973,965	8,713,884	9,700,531	11,805,071	5,438,017	6,273,917

Target Compensation \$USD

Salary	1,592,662	1,898,501	2,055,432	2,446,481	2,815,890	1,762,009	2,086,041
Bonus	1,592,662	1,898,501	2,055,432	2,935,777	4,223,835	2,290,612	3,129,062
Cash Benefits	19,266	20,705	20,036	20,674	20,625	31,986	31,986
Non-cash Benefits	3,154	6,367	16,913	23,306	15,947	4,172	4,172
LTIP	1,394,498	4,042,948	4,287,847	4,793,434	6,075,124	3,226,410	3,226,410
Deferred Bonus Plan	461,300	622,035	742,171	1,191,999	1,864,323	247,429	247,429
Pension Benefits	--	2,682,799	1,844,197	1,958,563	2,252,712	--	--
Total Compensation	5,063,540	11,171,856	11,022,027	13,370,235	17,268,457	7,562,618	8,725,100



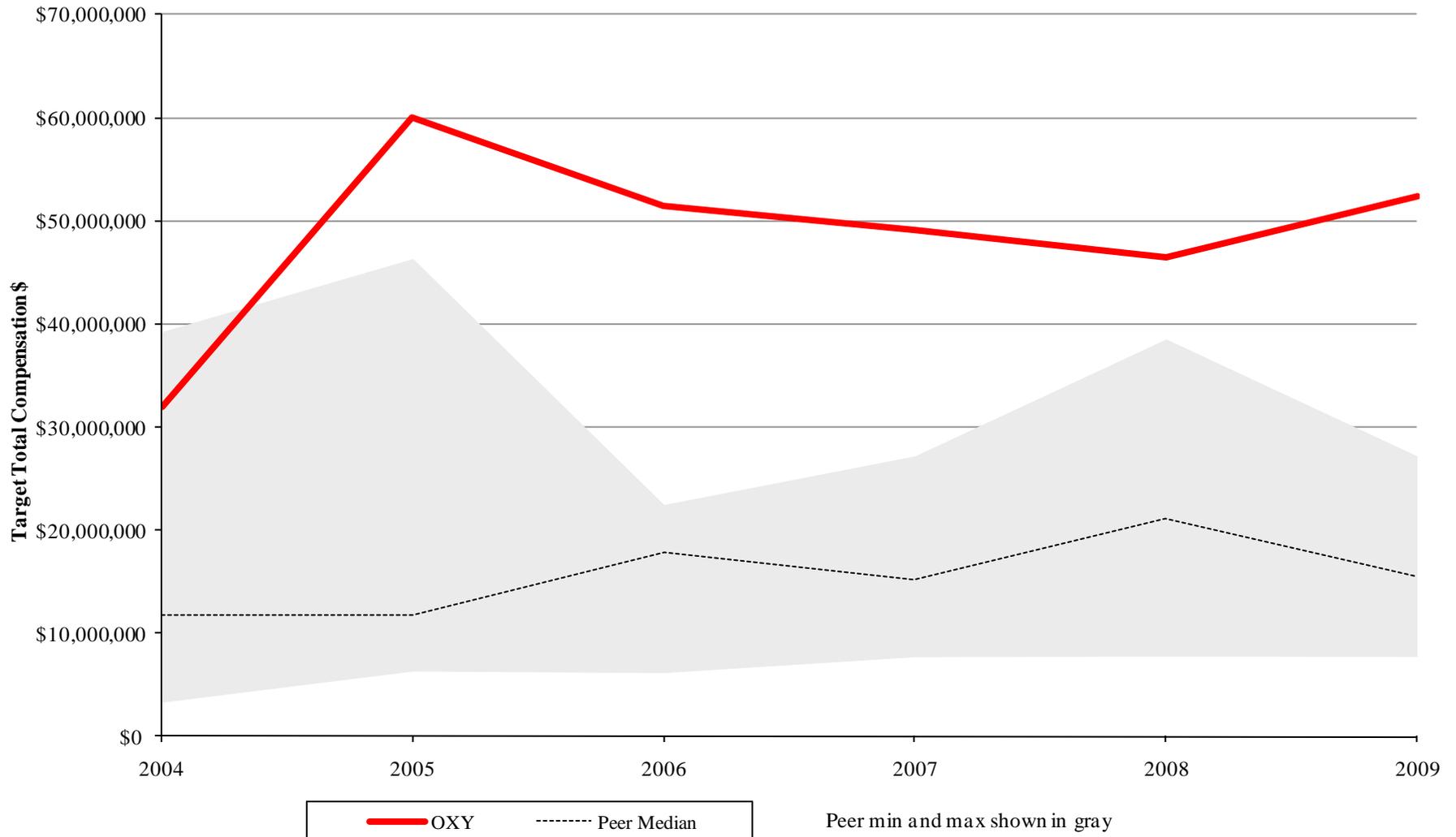
OXY Compensation Structure has a High At-Risk Component





But Target Compensation is Significantly Above Peers⁽¹⁾

Historical Target CEO Compensation



1 See methodology for calculation of Target compensation.



Appendix II: Consensus ROE Methodology

1. Determine consensus net income estimates as of 5/2/2010
 - ◆ Use consensus estimates for fiscal quarters ending 6/30/10, 9/30/10, 12/31/10 and FY ending 12/31/2011 (source: Factset).
 - ◆ Since many analysts do not provide estimates beyond this period, a reliable consensus is not available. Assume that net income grows at 6.5% for the following 2 years (midpoint of OXY's long-term 5-8% production growth target).
2. Estimate excess capital generated for the next 12 quarters
 - ◆ Begin with: Consensus net income
 - ◆ Add: Incremental net income from future assumed acquisitions (assume 11% ROE)
 - ◆ Add: Depreciation (estimated based on consensus EBITDA minus consensus EBIT for FY 2010 divided by 4)
 - ◆ Subtract: Capital expenditures (estimated based on 2010 guidance of \$4.5B divided by 4)
 - ◆ Subtract: Dividends (estimated at current payout of \$.33 per share quarterly)
 - ◆ Equals: Excess capital generated
 - » Assume 50% of excess capital is used for acquisitions and 50% for share repurchases.
3. Estimate equity for the next 12 quarters
 - ◆ Begin with: Beginning Equity
 - ◆ Add: Consensus net income
 - ◆ Add: Incremental net income from future acquisitions
 - ◆ Subtract: Dividends
 - ◆ Subtract: Share repurchases
 - ◆ Equals: Ending equity
4. Calculate ROE
 - ◆ Defined as total net income (Consensus net income plus incremental net income from acquisitions) / ending equity



OXY Historical ROE

1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009

Oil & Gas Data

OXY Avg. Sales Price⁽¹⁾

Oil \$/bbl	\$25.99	\$21.41	\$22.91	\$27.25	\$36.79	\$50.19	\$57.95	\$64.77	\$88.26	\$55.97
Gas \$/mcf	\$3.53	\$6.06	\$2.81	\$4.45	\$4.56	\$6.11	\$5.66	\$5.68	\$6.10	\$2.79
OXY Avg. Production cost \$/boe	\$4.50	\$5.70	\$5.54	\$6.08	\$7.04	\$8.81	\$11.23	\$10.37	\$12.13	\$10.37

Benchmark Prices⁽²⁾

WTI \$/bbl	\$30.37	\$25.95	\$26.11	\$31.09	\$41.46	\$56.54	\$66.07	\$72.19	\$99.74	\$61.76
Henry Hub \$/mcf	\$4.31	\$3.96	\$3.36	\$5.50	\$5.90	\$8.90	\$6.73	\$6.97	\$8.87	\$3.95

Historical ROE

Net Income (continuing ops.) ⁽³⁾	1,571	1,179	1,163	1,595	2,406	5,040	4,435	5,078	6,839	2,927
Shareholder's Equity	3,523	4,774	5,634	6,318	7,929	10,550	15,032	19,252	22,823	27,300
ROE ⁽⁴⁾	37.9%	22.7%	19.5%	22.4%	26.0%	39.4%	25.9%	24.1%	27.3%	10.4%

Median ROE 2000 - 2006	25.9%
Minimum ROE 2000 - 2006	19.5%

1 Source: OXY 10-K.

2 Average WTI Cushing crude oil spot prices and Henry Hub natural gas spot prices. Source: Bloomberg.

3 Defined as Net Income adjusted for discontinued operations and cumulate effect of accounting principles. Source: 10-K.

4 ROE = Net income divided by average annual equity.



Reported and Consensus ROE

Reported and Consensus ROE

	Reported																
	3/06	6/06	9/06	12/06	3/07	6/07	9/07	12/07	3/08	6/08	9/08	12/08	3/09	6/09	9/09	12/09	3/10
	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10
Net Income	1,231	860	1,170	930	1,212	1,412	1,324	1,452	1,846	2,297	2,271	443	368	682	927	938	1,064
Equity	17,947	17,962	18,858	19,252	20,217	21,111	21,901	22,823	23,943	25,143	26,937	27,300	27,435	27,826	28,458	29,081	29,875
ROE ⁽¹⁾	6.9%	4.8%	6.2%	4.8%	6.0%	6.7%	6.0%	6.4%	7.7%	9.1%	8.4%	1.6%	1.3%	2.5%	3.3%	3.2%	3.6%
WTI \$/bbl ⁽²⁾	\$63.48	\$70.70	\$70.53	\$60.20	\$58.16	\$65.05	\$75.38	\$90.68	\$97.90	\$123.98	\$117.98	\$58.73	\$43.08	\$59.62	\$68.30	\$76.19	\$78.71
Henry Hub \$/mcf	\$8.36	\$7.26	\$6.33	\$6.27	\$7.17	\$7.56	\$6.69	\$7.06	\$7.94	\$10.43	\$10.72	\$6.97	\$5.08	\$3.83	\$3.60	\$4.29	\$5.39

	Consensus												
	6/10	9/10	12/10	3/11	6/11	9/11	12/11	3/12	6/12	9/12	12/12	3/13	6/13
	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
Net Income	1,136	1,244	1,313	1,580	1,594	1,608	1,623	1,740	1,758	1,776	1,795	1,923	1,945
Equity	30,483	31,146	31,842	32,673	33,510	34,354	35,206	36,116	37,035	37,963	38,901	39,903	40,916
ROE	3.7%	4.0%	4.1%	4.8%	4.8%	4.7%	4.6%	4.8%	4.7%	4.7%	4.6%	4.8%	4.8%
WTI \$/bbl ⁽³⁾	\$83.58	\$89.75	\$91.58	\$92.20	\$92.76	\$93.14	\$93.67	\$93.81	\$93.85	\$93.95	\$94.20	\$94.14	\$94.14
Henry Hub \$/mcf	\$4.03	\$4.15	\$4.75	\$5.34	\$5.11	\$5.31	\$5.69	\$6.10	\$5.55	\$5.68	\$6.06	\$6.42	\$5.81

Consensus 3-Year Cumulative ROE

Grant Date	Period Covered	ROE ⁽²⁾
6/30/2006	Q3 06 - Q2 09	66.8%
6/30/2007	Q3 07 - Q2 10	56.9%
6/30/2008	Q3 08 - Q2 11	45.3%
6/30/2009	Q3 09 - Q2 12	50.3%
6/30/2010	Q3 10 - Q2 13	55.4%

1 ROE defined as Net Income divided by ending Equity.
 2 Historical prices. Source: OXY 10-Ks and 10-Qs.
 3 NYMEX Strip prices. Source: Bloomberg.