



California State Teachers' Retirement System  
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West Sacramento, CA 95605-2807



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VIA ELECTRONIC AND OVERNIGHT MAIL

July 30, 2010

Board of Directors  
Occidental Petroleum Corporation  
10889 Wilshire Boulevard  
Los Angeles, CA 90024

Dear Members of the Board:

As you know we have been engaged in a dialogue with various company officials for over a year to discuss our concerns about the board's performance. In the most recent meeting our plan to nominate at least four new directors to replace members of the current board at the next annual meeting of shareholders was discussed with Aziz Syriani and Spencer Abraham. We are writing to ensure that each board member has the opportunity to directly hear from us our reasons for undertaking this initiative.

While we are, of course, extremely disappointed that this step is necessary, after a year of interaction with the company without a meaningful response, we are convinced that a major change in the company's board composition is required to ensure proper stewardship and representation of shareholders' interests. The only explanation we can envision for the continued major governance failings that have characterized the board's stewardship is that the board, as currently composed, suffers from entrenchment and ossification, which renders each of its members incapable of functioning as vigorous and independent shareholder representatives.

As a reminder, we particularly object to:

- 1) The board's failure to properly oversee CEO compensation. As we said in our last letter, CEO pay at Occidental functions essentially as a corporate giveaway program. Throughout Dr. Ray Irani's tenure as CEO his pay has vastly exceeded CEO pay at even the largest companies in the oil & gas industry. This trend has accelerated over the last several years. His target awards are now nearly twice those of the CEO at Exxon Mobil, the largest company in the world, and over three times that of Occidental's peer group average. Worse yet, actual payouts have materially exceeded targeted amounts and this pattern is expected to continue in 2010. This lavish payout is sure to again cast the board and the company in an unfavorable light, just at a time when such abuses strike at the rawest societal and investor nerves.
- 2) The board's failure to enforce its own retirement age. After several instances of making special exceptions or extending the mandatory retirement age, the board now simply ignores the policy. In each of the last five years the board has granted retirement age waivers, including waivers for the board's chairman and two other current directors at the 2010 Annual Meeting.
- 3) The board's failure to announce and implement a Chairman/CEO succession plan despite the fact that he has already exceeded the company's director retirement age. It is well known that Occidental's entrenched management structure has severely damaged the company's reputation

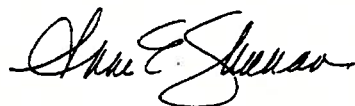
among investors. These practices also insidiously impact company morale and professional development throughout senior management ranks. A company of Occidental's maturity and stature cannot rest its future value on a single personality or set of fleeting professional connections. To contribute to long-term value, business relationships must be institutional, ongoing, and projected far into the future.

These ongoing failings are patently inexcusable because each of them is readily within the board's control and central to the board's most fundamental responsibilities.

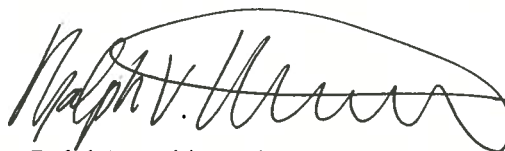
Our work with the company has further convinced us that corrective steps to address these issues, while urgently needed and long overdue, will not cure the fundamental weakness in board dynamics that allowed these failings to persist over many years. We believe this sentiment is widely shared among the company's shareholders as most recently evidenced by their rejection of the company's executive compensation plan and the fact that, without any organized solicitation effort, the Executive Compensation and Human Resources Committee members suffered an astounding 36% withhold vote (39% after accounting for abstentions and broker non votes). Therefore, we are convinced that shareholders would overwhelmingly support our candidates to replace members of the current board, including its chairman and lead director.

Again, it is unfortunate that this process has led to this point, but we hope you understand and respect our position.

Sincerely,



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



Ralph V. Whitworth  
Principal  
Relational Investors LLC

*Distribution:*

Dr. Irani	Mr. Djerejian	Mr. Segovia
Mr. Chazen	Mr. Feick	Ms. Tomich
Mr. Syriani	Mr. Gutierrez	Mr. Weisman
Mr. Abraham	Mr. Maloney	
Mr. Chalsty	Mr. Poladian	

cc: Mr. Donald P. de Brier, Executive Vice President, General Counsel and Secretary