



Stock Selection Guide®

The most widely used aid to good investment judgment

Company OCCIDENTAL PETROLEUM CORP Date 06/30/06

Prepared by jah Data taken from NAIC Data

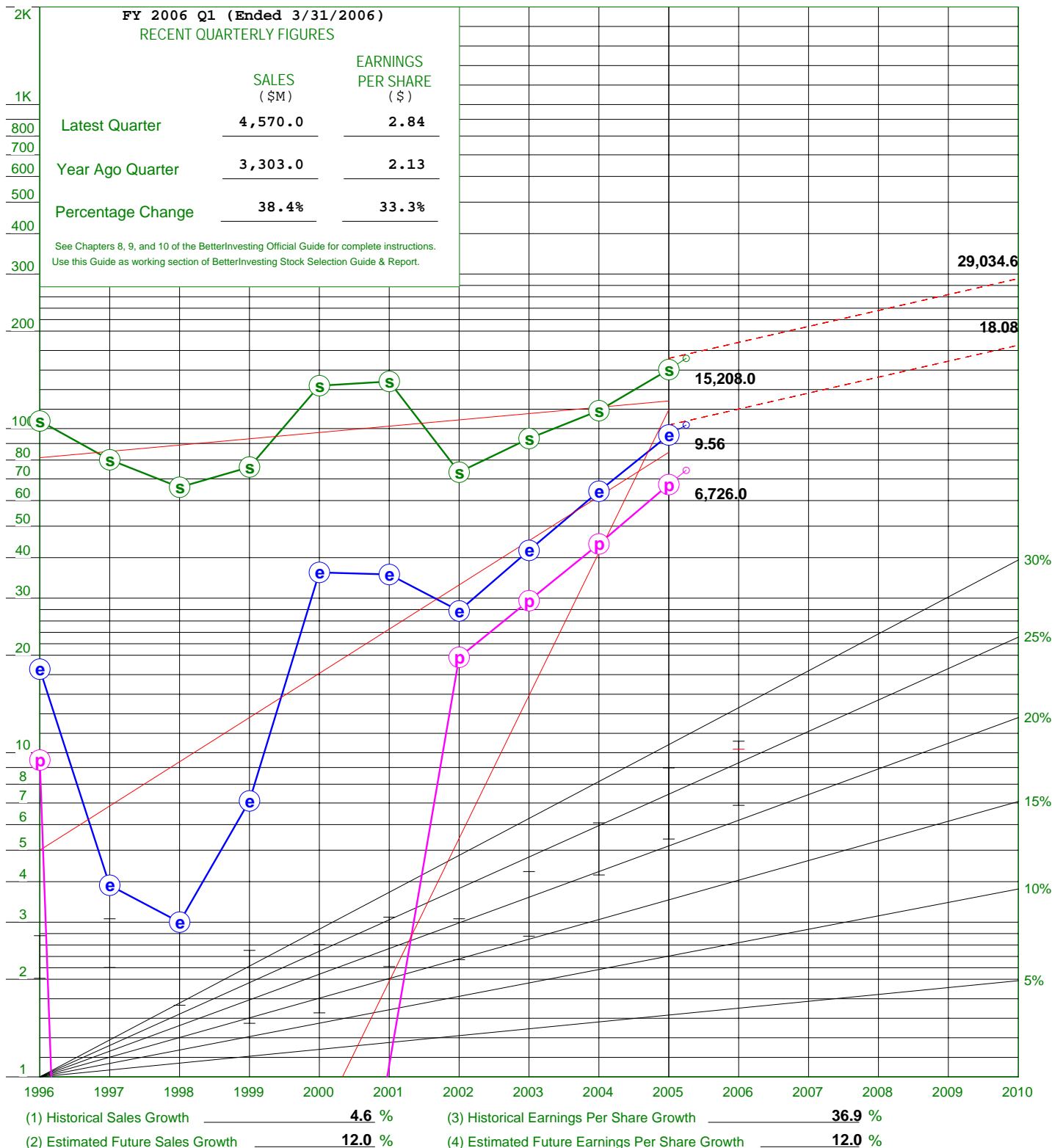
Where traded NYSE Major product/service Integrated

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	428.3	0.0	0.0
Debt (\$M)	3,528.0	% to Tot.Cap.	18.1 % Potential Dil. None

1 VISUAL ANALYSIS of Sales, Earnings and Price

OXY



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	9.0	-14.5					26.8	31.6	38.8	44.2	35.3	UP	
B % Earned on Equity (E/S ÷ Book Value)	15.6	4.3	3.3	7.4	27.9	23.6	16.4	20.6	24.1	25.6	22.0	UP	

3

PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE 102.550 HIGH THIS YEAR 108.520 LOW THIS YEAR 68.800

Year	PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C			
1 2001	31.1	21.9	3.55	8.8	6.2	1.000	28.2	4.6
2 2002	30.8	23.0	2.74	11.2	8.4	1.000	36.5	4.3
3 2003	43.0	27.2	4.21	10.2	6.5	1.040	24.7	3.8
4 2004	60.8	42.0	6.41	9.5	6.6	1.100	17.2	2.6
5 2005	89.8	54.2	9.56	9.4	5.7	1.290	13.5	2.4
6 TOTAL		168.3		37.9	25.0		120.1	
7 AVERAGE		33.7		9.5	6.3		24.0	
8 AVERAGE PRICE EARNINGS RATIO	7.9		9	CURRENT PRICE EARNINGS RATIO		10.0		

4

Proj. P/E [8.92] Based on Next 4 qtr. EPS [11.49] Current P/E Based on Last 4 qtr. EPS [10.26] PEG=74

EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E 9.5 X Estimate High Earnings/Share 18.08 = Forecast High Price \$ 171.8
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 6.3 X Estimated Low Earnings/Share 9.56 10.26 = \$ 64.6
(3E7 as adj.)
(b) Avg. Low Price of Last 5 Years = 33.7
(3B7)
(c) Recent Severe Market Low Price = 42.0
(d) Price Dividend Will Support Present Divd. = 1.440 = 31.5
High Yield (H) 0.046
Selected Estimate Low Price = \$ 64.6
(4B1)

C ZONING

171.8 High Forecast Price Minus 64.6 Low Forecast Price Equals 107.2 Range. 1/3 of Range = 26.8
(4A1) (4B1) (C) (4CD)
(4C2) Lower 1/3 = 64.6 to 91.4 (Buy) Note: Ranges changed to 25%/50%/25%
(4C3) Middle 1/3 = 91.4 to 145.0 (Maybe)
(4C4) Upper 1/3 = 145.0 to 171.8 (4A1) (Sell)

Present Market Price of 102.550 is in the Hold Range
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 171.8 Minus Present Price 102.550
Present Price 102.550 Minus Low Price (4B1) 64.6 = 69.3 = 1.8 To 1
38.0 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 171.8
Present Market Price 102.550 = (1.675) X 100 = (167.5) - 100 = 67.5 % Appreciation
(4E)

5

5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 1.440
Present Price of Stock \$ 102.550 = 0.014 X 100 = 1.4 Present Yield or % Returned on Purchase Price
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 14.41 X Avg. % Payout (3G7) 24.0 = 345.8 = 3.4 %
(5B)

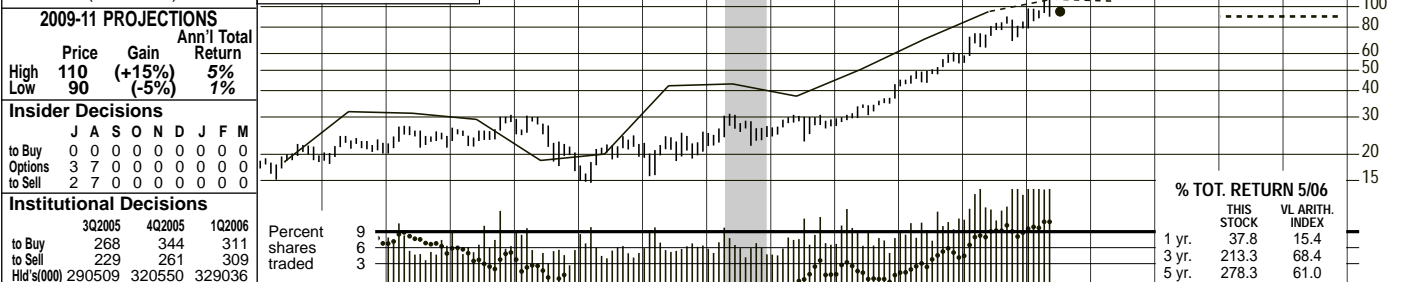
C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 67.5
5 13.5 % Average Yield (5B) 3.4 % Average Total Annual Return Over the Next 5 Years (5C) 16.9 %
P.A.R. 3.0% Tot. Ret. 2.5%
Average Yield 3.0% Annual Appreciation 6.9% 10.9%
% Compd Ann Rate of Ret 9.9% 13.4%

OCCIDENTAL PETRO. NYSE-OXY

RECENT PRICE **94.72** P/E RATIO **8.6** (Trailing: 9.0 Median: 10.0) RELATIVE P/E RATIO **0.49** DIV'D YLD **1.6%** VALUE LINE

TIMELINESS 2 Raised 9/3/04	High: 24.4 27.3 30.8 30.4 24.6 25.6 31.1 30.8 43.0 60.8 89.8 108.5	Low: 18.0 20.1 21.8 16.6 14.6 15.8 21.9 23.0 27.2 41.9 54.2 79.0	Target Price Range 2009 2010 2011
SAFETY 1 Raised 3/18/05	LEGENDS — 7.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession		
TECHNICAL 2 Raised 6/2/06			
BETA .95 (1.00 = Market)			



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB, INC.	09-11
73.20	33.65	27.97	26.56	29.15	32.70	32.07	23.50	18.97	20.68	36.69	37.38	19.42	24.10	28.65	37.82	42.25	40.70	Sales per sh	52.70
4.73	4.07	3.29	3.04	2.63	4.55	4.47	4.18	2.67	2.87	6.02	6.15	5.39	7.19	10.03	13.55	15.50	15.15	"Cash Flow" per sh	14.70
1.12	1.25	.41	.12	d.18	1.66	1.65	1.65	.26	.70	3.60	3.57	2.70	4.21	6.74	9.83	11.05	10.45	Earnings per sh ^A	9.00
2.50	1.38	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.03	1.09	1.21	1.44	1.52	Div's Decl'd per sh ^B	1.75
4.88	3.56	3.11	3.54	3.48	3.07	3.60	4.54	3.09	1.63	2.57	3.74	3.27	4.14	4.65	6.03	6.20	6.30	Cap'l Spending per sh	6.95
13.74	14.33	11.33	11.07	9.88	10.37	7.34	5.16	8.97	9.58	12.90	15.06	16.72	20.49	26.59	37.38	44.85	48.65	Book Value per sh	60.20
296.36	300.06	303.73	305.60	316.85	318.71	329.23	341.13	347.72	367.92	369.98	374.13	377.86	387.05	396.73	402.12	435.00	442.00	Common Shs Outst'g ^C	465.00
22.2	16.6	46.4	NMF	--	13.1	14.6	15.5	92.8	28.8	5.8	7.3	10.4	7.9	7.4	7.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	11.0
1.65	1.06	2.81	NMF	--	.88	.91	.89	4.83	1.64	.38	.37	.57	.45	.39	.41			Relative P/E Ratio	.75
10.0%	6.7%	5.3%	5.0%	5.2%	4.6%	4.2%	3.9%	4.1%	5.0%	4.8%	3.8%	3.6%	3.1%	2.2%	1.6%			Avg Ann'l Div'd Yield	1.8%

CAPITAL STRUCTURE as of 3/31/06				10557	8016.0	6596.0	7610.0	13574	13985	7338.0	9326.0	11368	15208	18370	18000	Sales (\$mill)	24500
Total Debt \$3528 mill. Due in 5 Yrs \$1395 mill.				23.1%	24.4%	21.6%	25.0%	28.9%	27.3%	45.2%	48.1%	51.5%	54.3%	56.0%	55.5%	Operating Margin	61.0%
LT Debt \$3273 mill. LT Interest \$190 mill.				921.0	822.0	835.0	805.0	901.0	971.0	1012.0	1177.0	1303.0	1485.0	1930	2080	Depreciation (\$mill)	2650
(LT interest earned: 25.0x: Total interest coverage: 23.9x)				643.0	691.0	109.1	256.1	1326.0	1328.0	1023.5	1607.0	2675.0	3964.0	4805	4620	Net Profit (\$mill)	4185
Leases, Uncapitalized Annual rentals \$123.0 mill.				39.5%	58.9%	52.7%	50.1%	47.9%	32.2%	27.0%	43.0%	40.0%	41.0%	42.0%	42.0%	Income Tax Rate	41.0%
Pension Assets-12/05 \$424 mill. Oblig. \$492 mill.				6.1%	8.6%	1.7%	3.4%	9.8%	9.5%	13.9%	17.2%	23.5%	26.1%	26.2%	25.7%	Net Profit Margin	17.1%
Pfd Stock None				d280.0	46.0	d136.0	d279.0	d673.0	d407.0	d362.0	d52.0	1008.0	2294.0	2450	2300	Working Cap'l (\$mill)	1500
Common Stock 428,268,858 shs.				4511.0	4925.0	5367.0	4368.0	5185.0	4065.0	3997.0	3993.0	3345.0	2873.0	3000	3000	Long-Term Debt (\$mill)	2900
				5140.0	4286.0	3363.0	3523.0	4774.0	5634.0	6318.0	7929.0	10550	15032	19500	21500	Shr. Equity (\$mill)	28000
				9.2%	9.9%	4.5%	6.4%	15.9%	15.7%	11.4%	14.9%	20.2%	22.9%	22.0%	19.0%	Return on Total Cap'l	14.0%
				12.5%	16.1%	3.2%	7.3%	27.8%	23.6%	16.2%	20.3%	25.4%	26.4%	24.5%	21.5%	Return on Shr. Equity	15.0%
				9.4%	15.3%	NMF	NMF	20.0%	17.0%	10.3%	15.3%	21.3%	23.2%	21.5%	18.5%	Retained to Com Eq	12.0%
				65%	61%	NMF	NMF	28%	28%	37%	24%	16%	12%	13%	15%	All Div'ds to Net Prof	19%

MARKET CAP: \$40.6 billion (Large Cap)				10557	8016.0	6596.0	7610.0	13574	13985	7338.0	9326.0	11368	15208	18370	18000	Sales (\$mill)	24500
CURRENT POSITION				23.1%	24.4%	21.6%	25.0%	28.9%	27.3%	45.2%	48.1%	51.5%	54.3%	56.0%	55.5%	Operating Margin	61.0%
2004				921.0	822.0	835.0	805.0	901.0	971.0	1012.0	1177.0	1303.0	1485.0	1930	2080	Depreciation (\$mill)	2650
2005				643.0	691.0	109.1	256.1	1326.0	1328.0	1023.5	1607.0	2675.0	3964.0	4805	4620	Net Profit (\$mill)	4185
3/31/06				39.5%	58.9%	52.7%	50.1%	47.9%	32.2%	27.0%	43.0%	40.0%	41.0%	42.0%	42.0%	Income Tax Rate	41.0%
				6.1%	8.6%	1.7%	3.4%	9.8%	9.5%	13.9%	17.2%	23.5%	26.1%	26.2%	25.7%	Net Profit Margin	17.1%
				d280.0	46.0	d136.0	d279.0	d673.0	d407.0	d362.0	d52.0	1008.0	2294.0	2450	2300	Working Cap'l (\$mill)	1500
				4511.0	4925.0	5367.0	4368.0	5185.0	4065.0	3997.0	3993.0	3345.0	2873.0	3000	3000	Long-Term Debt (\$mill)	2900
				5140.0	4286.0	3363.0	3523.0	4774.0	5634.0	6318.0	7929.0	10550	15032	19500	21500	Shr. Equity (\$mill)	28000
				9.2%	9.9%	4.5%	6.4%	15.9%	15.7%	11.4%	14.9%	20.2%	22.9%	22.0%	19.0%	Return on Total Cap'l	14.0%
				12.5%	16.1%	3.2%	7.3%	27.8%	23.6%	16.2%	20.3%	25.4%	26.4%	24.5%	21.5%	Return on Shr. Equity	15.0%
				9.4%	15.3%	NMF	NMF	20.0%	17.0%	10.3%	15.3%	21.3%	23.2%	21.5%	18.5%	Retained to Com Eq	12.0%
				65%	61%	NMF	NMF	28%	28%	37%	24%	16%	12%	13%	15%	All Div'ds to Net Prof	19%

Cash Assets				1449	2441	2031
Receivables				2235	3141	3453
Inventory (LIFO)				545	735	718
Other				202	257	1880
Current Assets				4431	6574	8082
Accts Payable				1557	2069	2335
Debt Due				459	46	255
Other				1407	2165	3065
Current Liab.				3423	4280	5655

ANNUAL RATES				Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
of change (per sh)				--	3.5%	10.0%
Sales				--	3.5%	10.0%
"Cash Flow"				11.5%	21.5%	6.0%
Earnings				29.0%	35.5%	4.5%
Dividends				1.0%	2.0%	8.0%
Book Value				10.5%	22.0%	13.5%

QUARTERLY SALES (\$mill.)				Full Year
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31
2003	2371	2266	2319	2370
2004	2557	2724	3005	3082
2005	3303	3518	4057	4330
2006	4570	4600	4600	4600
2007	4700	4600	4400	4300

EARNINGS PER SHARE ^A				Full Year
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31
2003	1.15	1.01	1.16	.89
2004	1.24	1.48	1.91	2.11
2005	2.16	2.12	2.69	2.86
2006	2.87	2.80	2.70	2.68
2007	2.65	2.60	2.60	2.60

QUARTERLY DIVIDENDS PAID ^B				Full Year
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31
2002	.25	.25	.25	.25
2003	.25	.26	.26	.26
2004	.26	.275	.275	.275
2005	.275	.31	.31	.31
2006	.36	.36		

Company's Financial Strength				A+
Stock's Price Stability				85
Price Growth Persistence				65
Earnings Predictability				30

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Occidental Petroleum's core oil and gas division continues to register excellent results. This has come about partly by surging, though volatile, price realizations (reflecting geopolitical uncertainty in Iran, Nigeria, and elsewhere). What's more, production is benefiting from the recent purchase of Vintage Petroleum, output from Libya (reentered by the company in 2005), and the acquisition of certain Permian Basin assets last year. Heightened operating costs have provided somewhat of an offset to earnings, but this is to be expected as the company expands. **Things are going well for the chemicals unit, too.** Margins for chlor-alkali and polyvinyl chloride resins have widened nicely, largely the result of increased sales prices. But performance continues to be weighed down somewhat by higher energy and feedstock costs. **On a consolidated basis, share net stands to climb to \$11.05 in 2006, which would be a record.** The bottom line may approximate the current level next year, assuming that commodity prices stay fairly healthy, of course.

The operations in Ecuador were

seized by that country's government because of allegations that Occidental sold a stake in a certain asset without authorization. The company is seeking to resolve this matter via arbitration, but when and what the outcome will be is hard to determine. In any event, we have factored in a 7% drop in total output as a result. But we don't expect a long-term impact, due to additional acquisitions and Oxy's enhanced oil recovery projects at existing plants.

We are optimistic about the company's performance over the next three to five years, though energy prices may come down from current levels because of greater supply. In prior years, Oxy swapped or divested many low-margin oil and gas properties and formed some key pacts for the chemicals business. These moves have placed Occidental in a position to generate steady production growth going forward.

The excellent-quality stock is favorably ranked for Timeliness. But long-term appreciation potential is limited at the recent quotation.

Frederick L. Harris, III

June 16, 2006

Trailing 4 quarters

PERT Worksheet-A Graph

Company OCCIDENTAL PETROLEUM CORP (OXY)

