

**OCCIDENTAL PETROLEUM CORPORATION**  
**VARIABLE COMPENSATION PROGRAM (VCP)**  
**(As Amended and Restated Effective January 1, 2016)**

**PURPOSE**

The Occidental Petroleum Corporation Variable Compensation Program (the “Program”) is designed to provide eligible employees with the opportunity to earn an annual incentive (an “Award”). Awards are based on the achievement of specific performance goals that are intended to focus Participants (as defined below) on the business objectives of Occidental Petroleum Corporation (the “Company”) and/or other entities controlled by the Company in which eligible employees under the Program work (each, a “Division”). All references in the Program to Division include applicable subdivisions. Accordingly, incentive compensation may be linked to subdivision performance.

**ELIGIBILITY/PARTICIPATION**

All regular, full-time and part-time employees in the grade levels designated by management of the Company (“Management”) who are employees during the Performance Period (as defined below) and who are not participating in any other annual short-term incentive programs sponsored by the Company or one of its affiliates are eligible to participate in the Program unless such participation is excluded as a result of the outcome of good faith bargaining with such employees’ collective bargaining representative. The employees selected by Management to participate in the Program are referred to herein as “Participants.”

**PERFORMANCE PERIOD**

The performance period shall be the period for which the performance objectives applicable to an Award are measured, which unless otherwise determined for an Award, shall be the one-year period beginning on January 1 of a given year and ending on December 31 of that same year (the “Performance Period”).

## **PERFORMANCE MEASURES/WEIGHTING**

Each Award shall be subject to a business objective. In its sole discretion, Management may determine that an Award shall also be subject to individual achievement, in which case, the Award shall consist of a business objective portion and an individual achievement portion. The weighting of the business objective portion and the individual achievement portion of any such Award (in all cases, to equal a total of 100%) will be established at the time the Award is granted to reflect the significance of business and individual performance with respect to the Award (e.g., for a particular Award, the business objective portion may be weighted 60% and the individual achievement portion may be weighted 40%).

The extent to which the business objective portion of each Award is earned and payable shall be determined by assessing performance for the applicable Performance Period with respect to certain performance measures selected by Management to be used by the Company and/or the Participant's Division for the Performance Period. Such measures shall be objective measures that relate to the Company's and/or the Participant's Division's performance with respect to financial, operational, strategic or similar objectives (the "Primary Performance Measures"). The Primary Performance Measures may include but are not limited to, total spend per barrel, cash flow, segment earnings, earnings per share or net income. For each Award, during the first quarter of each year, the Primary Performance Measures to be used for the Performance Period, as well as the weighting of each Primary Performance Measure (e.g., 50% total spend per barrel and 50% cash flow) shall be established. The Primary Performance Measures selected, and their weightings, if any, may vary by Participant and may be changed from one Performance Period to the next Performance Period in response to changes in business priorities.

The extent to which the individual achievement portion of each Award is earned and payable shall be determined by assessing a Participant's performance for the applicable Performance Period with respect to certain personal goals and objectives for the Participant (that may or may not be selected in advance by the Participant), which may be objective measures (e.g., completion of a specific project) or subjective measures (e.g., improved leadership, improved mentoring and improved collaboration), and in any event, which shall be evaluated in the discretion of Management (the "Individual Performance Measures"). For each Award, the Individual Performance Measures as well as the weighting of each Individual Performance Measure, if any, shall be established by the Participant's direct supervisor. The Individual Performance Measures selected, and their weightings, if any, may vary by Participant and may be changed from one Performance Period to the next Performance Period in response to changes in business priorities.

In its sole discretion, Management may also establish additional performance measures for a Participant during the Performance Period (“Supplemental Performance Measures”) that may increase, or decrease, the amount payable with respect to an Award.

A targeted performance level with respect to the Primary Performance Measures shall be established for each Participant, which represents the desired performance level for the Performance Period. In addition, unless otherwise specified with respect to an Award, a minimum and maximum level of performance with respect to the Primary Performance Measures shall also be established for each Participant for the Performance Period. Target, minimum and maximum performance levels may also be established with respect to Individual Performance Measures, if any, and/or Supplemental Performance Measures, if any.

Participants will be advised of the Primary Performance Measures, Individual Performance Measures, if any, and Supplemental Performance Measures, if any, that will be used to determine their Awards for the Performance Period, the weighting allocation of applicable performance measures, and, to the extent applicable, the weighting allocation between the business objective portion and the individual achievement portion, if any, of the Award.

### **AWARD LEVELS**

A target award shall be established at the beginning of each Performance Period for each Participant, which is a dollar amount equal to a percentage of the Participant’s “Eligible Earnings” (as defined below), which reflects or is contingent upon a specified level of performance, as determined by Management (the “Target Award”). Individual Target Award levels may reflect variations in job function and scope and the potential impact the Participant has on the Company’s or a Division’s, as applicable, business priorities. Award minimums and maximums may also be established for each Performance Period for performance levels below and above target performance. Award opportunity levels corresponding to the minimum, target and maximum levels of performance may vary by Participant.

As used herein, the term “Eligible Earnings” includes, but is not limited to, annualized base salary and overtime pay, and excludes (among other potential items) annual bonus payments under the Program or any other incentive programs sponsored by the Company or one of its affiliates.

## **PAYMENT OF AWARDS**

The amount of an Award earned and payable under the Program shall be determined by evaluating performance against Primary Performance Measures, Individual Performance Measures, if any, and Supplemental Performance Measures, if any, for the applicable Performance Period, and the actual amount paid with respect to an Award may be higher or lower than a Participant's Target Award. Management shall evaluate satisfaction of all Primary Performance Measures, Individual Performance Measures, if any, and Supplemental Performance Measures, if any, and determine Award payment amount[s]. Notwithstanding anything to the contrary contained herein, in determining the payment amount of each Award, the CEO of the Company or the Program Administrator may reduce (including a reduction of the payment to \$0) the amount that may otherwise be earned and payable with respect to such Award if, in its sole discretion, it determines that such reduction or elimination is appropriate.

Awards shall be paid no later than the fifteenth day of the third month following the end of the Performance Period. Awards shall be paid: (i) in a lump sum cash payment, (ii) through the issuance of shares of the Company's common stock, par value \$0.20 per share ("Stock"), (iii) through the grant of equity-based award(s), or (iv) through any combination of the foregoing. Any Stock issued or equity-based award(s) granted in payment of Awards shall not be issued under the Program but shall instead be issued under the Company's 2015 Long-Term Incentive Plan or any other equity-based compensation plan sponsored by the Company under which Stock is issuable to such plan's eligible individuals ("LTIP"), and the number of shares of Stock issued (or number of shares of Stock subject to the equity-based award granted) will generally be equal to the dollar value of the Award otherwise payable divided by the Fair Market Value (as defined in the LTIP) of a share of Stock on the date of payment, unless otherwise determined by the Company. All applicable taxes and withholdings shall be deducted from Award payments in accordance with federal, state and local regulations. If a participant is an expatriate, the Company/Division Policy 60:123:2003, Income Tax Equalization Program (or any successor policy) shall also apply to the Award payment.

## **Termination of Employment**

Except as provided otherwise below, a Participant must be actively employed on the Award payment date in order to receive payment.

If a Participant terminates employment prior to the Award payment date and:

- 1) such termination is due to disability (as determined by the Program Administrator, in its sole discretion), or
- 2) such termination is due to death prior to the end of the Performance Period, or
- 3) such termination is for any reason other than cause and the Participant completed at least six full months of service during the Performance Period, and the Participant also:
  - a) receives benefits under the Notice and Severance Pay Plan or any similar or successor arrangement with the Company, or
  - b) retires on or after age 55 with not less than 10 years of service, or
  - c) qualifies for early retirement under a sponsored defined benefit plan of the Company or any Division,

the Award will be pro-rated based on the number of days elapsed during the Performance Period until the termination date. Notwithstanding the above, in the event a Participant's termination is due to disability, the Participant shall be required to have completed at least 30 days of service during the respective Performance Period in order to receive payment. In the event of death, the pro-rated Award will be paid to the Participant's beneficiary, as designated under the Company's basic life insurance plan.

## **AWARD PAYMENT UNDER VARIOUS EMPLOYMENT CONDITIONS**

The Program Administrator may determine, or may delegate the determination of, eligibility for Awards and any payment of Awards to Participants who enter or exit employment, go out on or return from an approved leave of absence, transfer between Divisions, or who are promoted during a Performance Period.

If the employment of a Participant who is classified as “non-exempt” (as determined by applicable law in the jurisdiction in which the Participant is employed) is terminated by the Company for any reason following the last day of the Performance Period, but prior to the Award payment date, the Participant (or his estate, as applicable), will receive any payment earned with respect to an Award under the Program for the Performance Period. For the avoidance of doubt, a Participant classified as “exempt” (as determined by the applicable law in the jurisdiction in which the Participant is employed) must be actively employed on the Award payment date in order to receive payment.

Notwithstanding anything to the contrary contained herein, under no circumstances will an Award or any part thereof be paid to an exempt Participant who is terminated for cause during or after the Performance Period.

Management may, in its sole discretion, waive any requirements for payment as specified above in certain, special situations, such as a plant or asset shutdown.

If a Participant is on an approved leave of absence (including military leave) during the Performance Period, any Award may be pro-rated and will be based on the Participant’s Eligible Earnings prior to such leave of absence. Additionally, any Award may be pro-rated for Participants hired during the Performance Period.

If a Participant transfers from or to the Company or between Divisions during the Performance Period, any Award will be based on the performance measures of the last entity into which the Participant is transferred; provided, however, that the Award of a non-exempt Participant who is transferred between Divisions will be pro-rated based on the number of days during the Performance Period for which the Participant was employed by each Division.

If an employee is promoted during a Performance Period, and such change warrants a change in eligibility from the Program to the ICP, such employee will only participate in the ICP for the Performance Period, as well as any subsequent years in which the employee is in an ICP-eligible grade. If an employee is demoted during a Performance Period, and such change warrants a change in participation from the ICP to the Program, except as provided below, such employee will only participate in the Program for the Performance Period, as well as any subsequent

years in which the employee is in a Program-eligible grade. Notwithstanding the above, if a non-exempt employee is demoted during a Performance Period and such demotion warrants a change from the ICP to the Program, such employee's Target Award, if lower as a result of such demotion, shall be pro-rated between the ICP and the Program based on the number of days he or she was eligible for such Target Award during the Performance Period

### **PROGRAM CHANGES DUE TO COMPANY ACTIVITY**

Acquisitions, divestitures, mergers, significant corporate changes and/or extraordinary events involving the Company may require changes or amendments (including reduction, elimination or termination) to outstanding Awards and/or an applicable Performance Period's targets, minimums, maximums, Primary Performance Measures, Individual Performance Measures, if any, Supplemental Performance Measures, if any, and/or Award opportunities. In such cases, any changes or amendments shall be presented to Program Administrator for approval.

### **PROGRAM ADMINISTRATION**

The Program shall be administered by the Vice President of Human Resources of the Company or the successor to that position (the "Program Administrator"). The Program Administrator has sole discretion over the Program and may delegate any or all actions under the Program to appropriate Management members, subject to the Program Administrator's final approval. The decisions of the Program Administrator with respect to the Program (including but not limited to questions of construction, interpretation and administration) shall be final, conclusive and binding on all persons having an interest in or under the Program. Any determination made by the Program Administrator shall be given the maximum deference permitted by law in the event it is subject to judicial review and shall be overturned by a court of law only if it is arbitrary and capricious.

### **PROGRAM CONTINUATION**

The Company expects and intends to continue the Program but does not guarantee any specific levels of Award payments or the continuation of any Award payments. The Company, through action of the Program Administrator in its sole discretion, reserves the right to amend, alter, modify, suspend, change, discontinue or terminate this Program and outstanding Awards at any time, in any manner and for any Performance Period, without the consent of any Participant.

## **MISCELLANEOUS**

The Program is subject to compliance with all applicable federal and state laws, rules and regulations. The Program and all related documents shall be governed by, and construed in accordance with the laws of the state of Texas. If any provision shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of the Program shall continue in effect.

Nothing contained in the Program (or in any other documents relating to the Program or to any Award) shall confer upon any Participant any right to continue in the employ or other service of any entity within the Company's controlled group or constitute any contract or agreement of employment or other service, nor shall interfere in any way with the right of the applicable entity within the Company's controlled group to change such Participant's compensation or other benefits or to terminate the employment of such Participant, with or without cause.

Unless otherwise determined by the Company, the Program shall be unfunded and shall not create (or be construed to create) a trust or a separate fund or funds. The Program shall not establish any fiduciary relationship between the Company, any Division or subsidiary and any Participant or other person. To the extent any person holds any rights by virtue of an Award under the Program, such rights shall be no greater than the rights of an unsecured general creditor.

Awards from the Program shall not be considered as compensation for the purposes of any benefit plans or programs of the Company or any Division, except as specifically set forth otherwise in a formal plan document.

It is intended that payments under the Program qualify as short-term deferrals exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). In the event that any Award does not qualify for treatment as an exempt short-term deferral, it is intended that such amount will be paid in a manner that satisfies the requirements of Section 409A of the Code. The Program shall be interpreted and construed accordingly.