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June 9, 2008

Advisory Committee on the Auditing Profession  
Office of Financial Institutions Policy  
Department of the Treasury  
1500 Pennsylvania Avenue NW Rm. 1418  
Washington, D. C. 20220

Dear Committee Chair and Members:

The following are public comments for the Draft Report and Draft Report Addendum.

Auditors have crucial relationships with stockowners of corporations and owners of other types of entities. The opinions of auditors for corporations are directed to the stockowners as well as to the board of directors. Duties exist between the auditors and the stockowners.

However, because of Securities and Exchange Commission policy, (1) the stockowners and investing community do not know the financial wherewithal of auditors to back up their opinions, and (2) the so-called "ratification" votes by stockowners are effectively meaningless.

#### Financial Wherewithal

The financial wherewithal behind an auditor opinion for a limited liability partnership consists of (A) the insurance coverage for malpractice, negligence, and fraud, (B) the net assets of the audit firm, (C) the net personal assets of the audit firm partners who worked on the audit.

The S.E.C. does not yet require disclosure on these data to give investors a way to gauge any potential recoveries from audited false and misleading financial statements.

In 1998 I proposed a stockowner resolution for LTV Corporation (attached) to publish in its annual proxy statement the above three amounts, plus the net assets of all the other partners and a comparison with the market value of the stock of the company. The S.E.C. denied the stockowners the ability to vote for their own corporation to have such disclosure. The S.E.C. turned down the proposal, declaring that the financial wherewithal of the auditors relates to "the Company's ordinary business operations", and thus the stockowners could not vote to be informed about it. One should note that relationships with the auditors are not part of the ordinary business operations of producing and selling the products of the business. Corporate governance, which includes auditor reports, is separate from "ordinary business operations". I understand that the S.E.C. has uniformly denied stockowner resolutions on relations with

the auditors (including the qualifications of auditors), even in an advisory capacity.

The S.E.C. is unduly insulating auditors from public scrutiny of their ability to back up their opinions. From available public data, the financial wherewithal of auditors appears to be only a small fraction of the market value of the companies, perhaps only 5% or less. The S.E.C. should (1) allow stockowner resolutions on relations with the auditors, and (2) require regular annual disclosure in proxy statements on the financial wherewithal of the auditors, on whether the retention agreement requires arbitration, and so on.

#### Ratification of Auditors

Many corporations conduct a vote at the annual meeting to "ratify" the selection of the auditors. In comparison with other items being voted on, there is virtually no information given about the auditors and their qualifications (including their financial wherewithal), and no arguments are allowed against them. These votes not only appear to be perfunctory at best, they also appear to have absolutely no legal effect on the selection of the auditors.

The proxy statement for Occidental Petroleum Corporation for 2008 (enclosed) explains on p. 39, "A majority of the shares of common stock represented at the meeting and entitled to vote must vote FOR this proposal to ratify the selection of auditors. If the stockholders do not ratify the selection of KPMG LLP, the Audit Committee will appoint the independent auditors for 2008, which may be KPMG LLP." In other words, KPMG LLP can be the auditors regardless of which way the stockowners vote.

The S.E.C. should require that in any vote on "ratification" or "approval" of auditors (A) there shall be disclosure of relevant information about the proposed auditors (such as financial wherewithal, re-statement history, etc.) and (B) there shall be disclosure as to whether the vote actually decides whether the proposed auditors are retained.

Your careful consideration of these improvements would be much appreciated.

Sincerely,



Carl Olson

RESOLUTION ON AUDITOR FINANCIAL RESPONSIBILITY

Resolved by the stockowners to adopt the following by-law:

"Sec. \_\_\_\_\_ (insert appropriate section number).

In a note for the financial statements in the annual report, the following shall be disclosed about the firm which has audited the statements:

1. the dollar amount of malpractice, negligence, and fraud insurance coverage that the auditing firm maintained at the end of the year audited.
2. the dollar amount of net assets of the auditing firm at the end of the year audited.
3. the dollar amount of net assets of the auditing firm partners working on the company's audit at the end of the year audited.
4. the dollar amount of net assets of the remaining auditing firm partners at the end of the year audited.
5. the dollar total of items 1 through 4 above expressed as a percentage of the market value of the common and preferred stock of the company at the end of the year audited.

Any refusal by the auditing firm to provide the information for any of the items 1 through 4 above shall be disclosed in the note.

This section may be amended only by the shareholders, and such amendment shall require a majority vote of the shares eligible to vote."

November 25, 1998

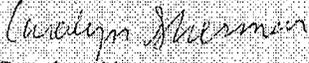
RESPONSE OF THE OFFICE OF CHIEF COUNSEL  
DIVISION OF CORPORATION FINANCE

Re: LTV Corporation (the "Company")  
Incoming letter dated October 22, 1998

The proposal mandates a bylaw amendment which, if adopted, would require the Company to disclose in a note to the financial statements in its annual report certain information about the financial capacity of its auditors.

There appears to be some basis for your view that the proposal may be excluded under rule 14a-8(i)(7). In this regard, we note that the proposal is directed at matters relating to the conduct of the Company's ordinary business operations. Accordingly, the Division will not recommend enforcement action to the Commission if the Company omits the proposal from its proxy materials under rule 14a-8(i)(7).

Sincerely,

  
Carolyn Sherman  
Special Counsel

March 18, 2008

Dear Stockholders:

On behalf of the Board of Directors, it is my pleasure to invite you to Occidental's 2008 Annual Meeting of Stockholders, which will be held on Friday, May 2, 2008, at the Starlight Ballroom, The Fairmont Miramar Hotel, Santa Monica, California.

Attached is the Notice of Meeting and the Proxy Statement, which describes in detail the matters on which you are being asked to vote. These matters include electing the directors, ratifying the selection of independent auditors, and transacting any other business that properly comes before the meeting, including any stockholder proposals.

Also enclosed are a Report to Stockholders, in which senior management discusses highlights of the year, and Occidental's Annual Report on Form 10-K. As in the past, at the meeting there will be a report on operations and an opportunity to ask questions.

Whether you plan to attend the meeting or not, I encourage you to vote promptly so that your shares will be represented and properly voted at the meeting.

Sincerely,

Ray R. Irani  
Chairman and Chief Executive Officer

The logo for Occidental Petroleum, featuring the word "Oxy" in a large, bold, sans-serif font. The "O" is a solid circle, and the "xy" are connected letters. The "y" has a long, thin tail that extends downwards and to the right.

Notice of 2008 Annual Meeting of Stockholders  
and Proxy Statement

Friday, May 2, 2008

Starlight Ballroom  
Fairmont Miramar Hotel  
101 Wilshire Boulevard  
Santa Monica, California

**Meeting hours**

Registration 9:30 a.m.  
Meeting 10:30 a.m.

**Admission Ticket or  
Brokerage Statement  
Required**

**AUDIT RELATED FEES** - Fees of \$675,000 and \$470,300 were incurred for professional services rendered by KPMG LLP for the years ended December 31, 2007, and December 31, 2006, respectively, for assurance and related services that are traditionally performed by the independent auditor. More specifically, these services include, among others: employee benefit plan audits, reviews of proposed or consummated transactions and consultation concerning financial accounting and reporting standards.

**TAX FEES** - No fees were incurred for tax services rendered by KPMG LLP for the years ended December 31, 2007, and December 31, 2006, respectively.

**ALL OTHER FEES** - For the years ended December 31, 2007, and December 31, 2006, no fees were incurred for services rendered by KPMG LLP, other than the services described under "Audit Fees" and "Audit Related Fees."

#### REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed Occidental's audited financial statements for the fiscal year ended December 31, 2007, including management's annual assessment of and report on Occidental's internal control over financial reporting, with management and KPMG LLP. In addition, the Audit Committee has discussed with KPMG LLP, Occidental's independent auditors, the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended and as currently in effect. The Audit Committee received from KPMG LLP written disclosures and the letter regarding its independence as required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as amended and as currently in effect. The Audit Committee has also considered whether the provision of non-audit services provided by KPMG LLP to Occidental is compatible with maintaining their independence and has discussed with KPMG LLP the firm's independence.

Based upon the reports and discussions described in this report, the Audit Committee recommended to the Board that the audited financial statements be included in Occidental's Annual Report on Form 10-K for the year ended December 31, 2007, to be filed with the Securities and Exchange Commission.

Respectfully submitted,

THE AUDIT COMMITTEE

Aziz D. Syriani (Chair)

John S. Chalsty

R. Chad Dreier

John E. Feick

Irvin W. Maloney

Rosemary Tomich

#### RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors of Occidental has selected KPMG LLP as independent auditors to audit the consolidated financial statements of Occidental and its subsidiaries for the year ending December 31, 2008. KPMG LLP has audited Occidental's financial statements since 2002. A member of that firm will be present at the annual meeting, will have an opportunity to make a statement, if so desired, and will be available to respond to appropriate questions.

A majority of the shares of common stock represented at the meeting and entitled to vote must vote FOR this proposal to ratify the selection of auditors. If the stockholders do not ratify the selection of KPMG LLP, the Audit Committee will appoint the independent auditors for 2008, which may be KPMG LLP. If KPMG LLP should decline to act or otherwise become incapable of acting or if its employment is discontinued, the Audit Committee will appoint the independent auditors for 2008.

#### STOCKHOLDER PROPOSALS

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##### GENERAL INFORMATION

Occidental has been advised by five holders or group of holders of common stock of their intention to introduce at the Annual Meeting the proposals described below. The Board of Directors disclaims any responsibility for the content of the proposals and for the statements made in support thereof which, except for any reference to the proposal number, are presented in the form received from the stockholders.

##### VOTE REQUIRED TO APPROVE

A majority of the shares of common stock represented at the meeting and entitled to vote must vote FOR to approve a stockholder proposal. Your broker may vote your shares on these proposals only if you give voting instructions. Abstentions and broker nonvotes have the same effect as votes AGAINST a proposal.