OCCIDENTAL PETROLEUM CORP /DE/
Form 8-K
October 21, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) OCTOBER 21, 2002

OCCIDENTAL PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	1-9210	95-4035997
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA	90024
(Address of principal executive offices)	(ZIP code)

Registrant's telephone number, including area code:
(310) 208-8800

Item 5. Other Events and Regulation FD Disclosure

On October 21, 2002, Occidental Petroleum Corporation announced net income for the third quarter 2002 of $402 million ($1.07 per share), compared with $444 million ($1.19 per share) for the third quarter 2001. Earnings before special items and discontinued operations were $329 million ($0.87 per share) for the third quarter 2002, compared with $316 million ($0.85 per share) for the third quarter 2001. The third quarter 2002 included special items and discontinued operations of a net $73 million gain related to asset sales, primarily the sale of the investment in Equistar, partially offset by the impairment of various chemical assets. The third quarter 2001 special items and discontinued operations included a net $128 million gain related to the sale of non-strategic assets.

In announcing the results, Dr. Ray R. Irani, chairman and chief executive officer, said, "Occidental turned in another strong performance in the third quarter. Earnings before special items and discontinued operations not only exceeded last year's third quarter results, but also this year's second quarter results.

For the first nine months of this year, our production of 513,000 BOE per day increased by over 8 percent compared with the same period in 2001. We have exceeded the production forecast of 500,000 BOE per day for 2002 that we provided earlier this year, and we are reaffirming our forecast for 2003 of 525,000 BOE per day.

Income from our chemical businesses continued to improve in the third quarter from the second quarter as a result of improving margins, mainly from chloro-vinyls products."

OIL AND GAS

Oil and gas segment earnings before special items were $483 million for the third quarter 2002, compared with $528 million for the third quarter 2001. The decline in the third quarter 2002 earnings reflected the effect of lower natural gas prices partially offset by lower exploration expense and higher crude oil prices.

Oil and gas segment earnings were $490 million for the third quarter 2002, compared with $927 million for the third quarter 2001. The special items in both years included after-tax gains related to the sale of non-strategic assets, $7 million in the third quarter 2002 and $399 million in the third quarter 2001.

CHEMICALS

Chemical segment earnings before special items were $87 million for the third quarter 2002, compared with $38 million for the third quarter 2001. The improvement in the third quarter 2002 earnings reflected higher sales prices for PVC, chlorine and EDC, and improved performance of the Equistar petrochemical investment partially offset by lower caustic soda prices.

Chemical segment earnings were $214 million for the third quarter 2002. The third quarter 2002 special items included a $164 million net of tax gain from the sale of the investment in Equistar and a $37 million pre-tax charge for the impairment of various operating assets. There were no special items in the third quarter 2001.

1

NINE MONTHS RESULTS

For the first nine months of 2002, net income was $667 million ($1.77 per share), compared with $1.401 billion ($3.77 per share) for the first nine months of 2001. Earnings before special items and discontinued operations were $702 million ($1.87 per share) for 2002, compared with $1.291 billion ($3.47 per share) for the same period of 2001.

EITF ISSUE 02-3

Occidental adopted EITF Issue 02-3 in the third quarter of 2002 and reflected the appropriate changes in all periods presented. Revenues and cost of sales for oil and gas trading activities were reduced by equal and offsetting amounts, as discussed in the footnote to the Summary of Segment Net Sales and Earnings in this press release. There was no change in margins, income, EPS or cash flow for any period as a result of this adoption. Energy companies that have revenues from trading activities were required to implement this issue in the third quarter.

Statements in this presentation that contain words such as "will" or "expect", or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations, and supply/demand consideration, for oil, gas and chemicals; higher-than-expected costs; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements.

2

SUMMARY OF SEGMENT NET SALES AND EARNINGS
(Millions, except per-share amounts)

	Third Quarter		Nine Months	
Periods Ended September 30	2002	2001	2002	2001
SEGMENT NET SALES				
Oil and gas (a)	$ 1,224	$ 1,251	$ 3,347	$ 4,310
Chemical	739	732	2,006	2,408
Net sales	$ 1,963	$ 1,983	$ 5,353	$ 6,718
SEGMENT EARNINGS				
Oil and gas	$ 490	$ 927	$ 1,217	$ 2,679
Chemical	214	38	217	14
	704	965	1,434	2,693
UNALLOCATED CORPORATE ITEMS				
Interest expense, net (b)	(73)	(60)	(195)	(207)
Income taxes (c)	(105)	(128)	(250)	(550)
Trust preferred distributions & other	(12)	(13)	(35)	(43)
Other (d)	(38)	(321)	(114)	(467)
INCOME FROM CONTINUING OPERATIONS	476	443	840	1,426
Discontinued operations (e)	(74)	1	(78)	2
Extraordinary loss, net	--	--	--	(3)
Cumulative effect of changes in accounting principles, net	--	--	(95)	(24)
NET INCOME	$ 402	$ 444	$ 667	$ 1,401

BASIC EARNINGS PER COMMON SHARE				
Income from continuing operations	$ 1.26	$ 1.19	$ 2.23	$ 3.83
Discontinued operations (e)	(.19)	--	(.21)	.01
Extraordinary loss, net	--	--	--	(.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(.06)
	$ 1.07	$ 1.19	$ 1.77	$ 3.77
DILUTED EARNINGS PER COMMON SHARE				
Income from continuing operations	$ 1.25	$ 1.18	$ 2.22	$ 3.81
Discontinued operations (e)	(.19)	--	(.21)	.01
Extraordinary loss, net	--	--	--	(.01)
Cumulative effect of changes in accounting principles, net	--	--	(.25)	(.06)
	$ 1.06	$ 1.18	$ 1.76	$ 3.75
AVERAGE BASIC COMMON SHARES OUTSTANDING	377.1	373.5	376.0	371.9

See footnotes on following page.

(a) Oil and gas revenues reflect the adoption of EITF 02-3 effective in the third quarter of 2002. Segment net sales (revenues) and cost of sales were reduced by equal and offsetting amounts to report revenue from oil and gas trading activities on a net basis as follows:

	Third Quarter 2001	Nine Months 2001
Previously reported sales	$ 2,521	$ 9,097
Adjustments pursuant to EITF 02-3	(1,270)	(4,787)
Sales as adjusted	$ 1,251	$ 4,310

There was no change in margins, income, EPS or cash flow for any period as a result of this adoption.

(b) Includes interest income on notes receivable from Altura partners. The nine months year-to-date 2002 includes $22 million and the third quarter and nine months year-to-date 2001 include $24 million and $85 million, respectively.

(c) Includes an offset for charges and credits in lieu of U.S. federal income taxes allocated to the segments. Oil and gas segment earnings have been impacted by charges of $3 million and $35 million in the third quarters of 2002 and 2001, respectively. The oil and gas segment third quarters of 2002 and 2001 includes the tax effects from asset sales of $4 million and $35 million, respectively. Chemical segment earnings have been impacted by credits of $395 million in the third quarter of 2002 and $16 million in the third quarter of 2001. The chemical segment third quarters of 2002 and 2001 include the tax effects from asset sales/dispositions of $392 million and $12 million, respectively.

(d) Includes preferred distributions to the Occidental Permian partners. The nine months year-to-date 2002 includes $20 million. The third quarter and nine months year-to-date 2001 include $25 million and $87 million, respectively. These amounts are essentially offset by the interest income discussed in (b) above. The third quarter and nine months year-to-date 2001 also include a $272 million net-of-tax loss related to the sale of Occidental's residual interest in Occidental Texas Pipeline Company.

(e) Occidental's chromium business and Brazilian vinyl operations have been reclassified to discontinued operations. Occidental announced on October 11, 2002 it has agreed to sell its chromium chemical business to Elementis plc. As a result of the pending sale, Occidental recognized an after-tax loss of $30 million in the third quarter 2002. Occidental is currently in discussions with a buyer for its Brazilian vinyl operations. Occidental recognized a loss of $39 million related to write-down of these assets in the third quarter 2002.

SUMMARY OF OPERATING STATISTICS

	Third Quarter		Nine Months	
Periods Ended September 30	2002	2001	2002	2001
NET OIL, GAS AND LIQUIDS PRODUCTION PER DAY				
United States				
Crude oil and liquids (MBBL)				
California	84	78	87	75
Permian	143	137	141	136
Other	3	--	3	-
Total	230	215	231	211
Natural Gas (MMCF)				
California	283	302	293	305
Hugoton	149	154	152	161
Permian	132	146	129	147
Total	564	602	574	613
Latin America				
Crude oil and condensate (MBBL)				
Colombia	33	35	34	19
Ecuador	13	13	13	13
Total	46	48	47	32
Eastern Hemisphere				
Crude oil and condensate (MBBL)				
Oman	9	10	14	10

Pakistan	12	7	10	7
Qatar	44	45	43	43
Russia	26	27	27	27
Yemen	29	32	36	33
Total	120	121	130	120
Natural Gas (MMCF)				
Pakistan	74	50	58	49
Barrels of Oil Equivalent (MBOE)	502	493	513	473
CAPITAL EXPENDITURES (millions)	$ 283	$ 395	$ 840	$ 908
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS (millions)	$ 245	$ 243	$ 759	$ 722

5

Item 9. Regulation FD Disclosure

Text of Speech by Stephen I. Chazen, Chief Financial Officer and Executive Vice President - Corporate Development

Occidental Petroleum Corporation

STEPHEN CHAZEN
Chief Financial Officer and
Executive Vice President - Corporate Development

- Conference Call -
Third Quarter 2002 Earnings Announcement

October 21, 2002
Los Angeles, California

Good morning, and thanks for joining us.

Those of you who have not received a copy of the press release announcing our third quarter earnings, along with the Investor Relations Supplemental Schedules, can find them on our website - oxy.com or on the SEC's EDGAR site.

Net income for the quarter was $402 million, or $1.07 per share. Last year's third quarter net income was $444 million, or $1.19 per share. Earnings before special items and discontinued operations of $329 million, or $0.87 per share, exceeded the $316 million, or $0.85 per share, we earned in the third quarter a year ago.

On a segment basis, oil and gas third quarter earnings were $490 million compared to $927 million for last year's third quarter. Oil and gas earnings before special items were $483 million, compared to $528 million during the same period a year ago. Factors affecting third quarter earnings were:

- The increase in Oxy's third quarter 2002 worldwide oil price realizations added $70 million of earnings over the comparable period last year.

- The decline in domestic natural gas prices in the third quarter of 2002, due to the absence of the unusual California gas market experienced last year, reduced earnings by $90 million.

- While third quarter 2002 net barrel of oil equivalent (BOE) production was modestly higher than last year's BOE production, it was below BOE production in the second quarter of this year. Production declined from the second quarter mainly due to higher oil prices which reduced our takes under production sharing contracts.

6

- Exploration expense was $29 million in the quarter compared to $91 million in last year's third quarter. Included in last year's exploration expense is the write-off of the Gibraltar well in Colombia that accounted for $66 million of the total.

- The third quarter 2002 results included an after-tax gain of $7 million related to the sale of additional interests in the Gulf of Mexico.

- The third quarter 2001 results included the after-tax gain of $399 million on the sale of Occidental's interest in the Tangguh LNG project in Indonesia.

Chemical segment earnings for the third quarter this year were $214 million compared to $38 million last year. Chemical earnings before special items were $87 million for the third quarter of this year. There were no special items last year.

Factors affecting third quarter chemical earnings were:

- Higher sales prices for Chloro-vinyls and stronger performance from our Equistar investment (3Q01 $30 million loss---3Q02 $7 million profit), partially offset by lower caustic soda prices.

- The results for the third quarter of 2002 included a $164 million after-tax gain from the sale of our interest in Equistar and impairment charges for chemical assets some of which are shown as discontinued operations. The impairment charges included $30 million after tax from the recently announced sale of our chromium business and $39 million for the write-down of our Brazilian vinyl operations both of which are shown as discontinued operations. Additionally, we took impairment charges of $25 million for our PVC dispersion resin Plant and $12 million for one of our chlor-alkali facilities. The expected net proceeds generated by these actions will be in the range of $25 to $30 million.

In August we closed on the sale of our interest in Equistar in return for an equity interest in Lyondell. Therefore, in the third quarter, we owned a 29.5 percent interest in Equistar for about two months and a 21 percent equity interest in Lyondell for one month. Included in the third quarter chemical results is $7 million of earnings from our interest in Equistar. The one month of our equity interest in Lyondell is included in corporate other. As reported, chemicals earnings before special items were $87 million. Excluding the two months of Equistar earnings and the discontinued operation of the Chrome and Brazilian operations, our base chemicals had earnings before special items of $80 million. Page 14 of the Investor Relations Supplemental Schedules breaks out the historical chemical financials excluding Petrochemicals and the two discontinued operations reported this quarter. For the nine months of this year the current chemical operations had earnings before special items of $137 million and free cash flow of $219 million. This compares to earnings of $109 million and free cash flow of $179 million for the year 2001.

Interest expense, including distributions on trust-preferred securities, was $85 million during the third quarter this year compared to $98 million in last year's third quarter. Included in the third quarter of this year was a one-time charge of $6 million relating to debt extinguishment. Through the first nine months of this year, total interest expense of $250 million was $87 million below the same period a year ago.

7

For the first nine months of this year, net income was $667 million, or $1.77 per share, compared to the $1.4 billion, or $3.77 per share last year. Earnings before special items and discontinued operations for nine months were $702 million, or $1.87 per share, compared to last year's $1.3 billion, or $3.47 per share.

Cash flow from operations for the first nine months of the year was approximately $1.5 billion.

Turning to the balance sheet, for the first nine months, we increased shareholder equity by $387 million to $6.0 billion. At the same time, we reduced total debt by $267 million to $4.62 billion, compared to $4.89 billion at the end of last year. During the quarter we repaid the gas sales obligation, which had an outstanding balance of $215 million at the end of the second quarter. At the end of the third quarter, our debt to total capitalization ratio was down to 43-percent, compared to 46-percent at the end of last year.

Capital spending for the quarter was $283 million and $840 million for the first nine months. We expect total spending for the year to be between $1.2 to $1.3 billion, including $100 million for chemicals.

Looking forward to the fourth quarter, we would expect:

- BOE production to be similar to the third quarter;
- Exploration expense to be slightly higher than the third quarter;
- Chemical earnings to be comparable to the second quarter as a result of lower PVC demand and prices, seasonal effects and higher energy prices; and
- The effective tax rate to be about 27 percent.

Our sensitivity to changes in oil and gas prices will be similar to prior quarters. A 25-cents per million BTUs swing in gas prices has a $13.5 million impact on our quarterly oil and gas earnings, and a $1.00 per barrel change in oil prices impacts segment quarterly earnings by $28 million.

At the end of the third quarter we had approximately $300 million of cash. Assuming the continuation of the current environment, the payment of the $340 million related to the Dolphin project bid and related capital, taxes and other payments, we would expect year-end debt to be slightly higher than third quarter debt.

The last issue I would like to discuss deals with a change in our oil and gas trading revenue figures resulting from the adoption of the Emerging Issues Task Force Issue No. 02-3.

Occidental has two major types of oil and gas revenue. The first is from the sale of oil and gas we produce or equity production. The second is from sales of oil and gas produced by others, but purchased and resold by Occidental, which we refer to as revenue from trading activities. Our financial statements and our SEC filings have noted for several years that our revenues from trading activities are significant. Both types of sales involve physical deliveries

and historically have been reflected in our financial statements in the same way, consistent with the accounting rules.

The recent ruling by the EITF requires the revenue from energy trading activities to be shown on a net basis, but this has no effect on the profits for those sales. Occidental is required to adopt this new accounting requirement in the third quarter. Occidental has not engaged in any round-trip trading activities that the FERC was investigating earlier this year and, as you may recall, the audit we requested KPMG, our new auditors, to perform for our 1999 through 2001 financial statements resulted in no adjustments to sales, income, balance sheet, EPS or cash flow. Adopting the EITF Issue resulted in identical adjustments only to sales and cost of sales. We now show our revenues from trading activities on a net basis, in compliance with the new rule, and we believe this has the added benefit of making our oil and gas sales revenue easier to analyze and understand. The changes to 2001 revenue are footnoted in the Earnings Press Release. For the third quarter 2002, our revenues and cost of sales were affected by approximately $1.3 billion.

Now I would like to turn the conference call over to Dr. Ray Irani, Chairman and CEO.

Text of Speech by Dr. Ray R. Irani, Chairman and Chief Executive Officer

Occidental Petroleum Corporation

DR. RAY R. IRANI
Chairman and Chief Executive Officer

- Conference Call -
Third Quarter 2002 Earnings Announcement

October 21, 2002
Los Angeles, California

Thank you, Steve.

The results Steve just reviewed reflect the continuing implementation of the strategy that we successfully initiated 5 years ago. That strategy focuses on large, long-lived, cost-competitive "legacy" oil and gas assets that give us stable production, strong earnings and cash flow - and a solid platform for new growth initiatives. Those assets are continuing to perform well.

Oil and gas production averaged 502,000 barrels of oil equivalent per day for the quarter and 513,000 BOE through nine months. We expect fourth quarter production to be at roughly the same level as the third quarter, which means production for the year should average about 510,000 BOE per day. We're clearly going to beat our forecast of 500,000 BOE per day for the year. More importantly, we are reaffirming our earlier forecast for 2003 production of 525,000 BOE per day - and we are very comfortable with this forecast.

Next year's production growth will come primarily from the startup of Horn Mountain in the deepwater Gulf of Mexico later this year and the Eden Yuturi field in Ecuador in the second half of 2003.

Our five-year forecast is for production to grow from 476,000 BOE per day in 2001 to 610,000 BOE in 2006. That translates into an average annual increase in excess of 5 percent per year - and we also are comfortable with this forecast which is based entirely on existing projects.

Key components of our strategy since 1997 include strengthening our balance sheet and reducing the volatility of earnings. We are continuing to take full advantage of strong oil and gas prices to reduce debt. As Steve said, our debt to cap ratio is 43 percent - and we would like to drive it down to 40 percent.

The sale of our Equistar holdings in return for an equity interest in Lyondell is expected to reduce the volatility of our chemical earnings. Before special items, our chemical earnings through nine months were $104 million, but without Equistar chemical earnings would have been $137 million. The timely sale of the chrome business in the face of the elimination of its primary market also strengthens the outlook of our core chemical business.

As we look ahead, I want to note that our chloro-vinyls business differs substantially from the petrochemical businesses. Unlike petrochemicals, which has undergone a significant expansion in capacity, there have been no capacity additions along the chloro-vinyls chain. In fact, there have been a number of closures of chlor-alkali facilities. These factors have led to strengthening prices and margin improvement.

Over the past 10 years, earnings before interest and taxes for our chloro-vinyls business averaged about $300 million per year - and we expect this business to average at least this much during the next three years.

Thank you, and now we're ready to answer your questions.

Statements in this presentation that contain words such as "will" or "expect", or otherwise relate to the future, are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations, and supply/demand consideration, for oil, gas and chemicals; higher-than-expected costs; and not successfully completing (or any material delay in) any expansion, capital expenditure, acquisition, or disposition. Occidental disclaims any obligation to update any forward-looking statements. The United States Securities and Exchange Commission (SEC) permits oil and natural gas companies, in their filings with the SEC, to disclose only proved reserves demonstrated by actual production or conclusive formation tests to be economically producible under existing economic and operating conditions. We use certain terms in this presentation, such as probable, possible and recoverable reserves, that the SEC's guidelines strictly prohibit us from using in filings with the SEC. U.S. investors are urged to consider carefully the disclosure in our form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at http://www.oxy.com. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.

10

Supplemental Investor Information

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
2002 Third Quarter
Net Income (Loss)
($ millions)

	REPORTED INCOME	ADJUSTMENTS	
Oil & Gas	$ 490	$ (7)	Asset sale
Chemical	214	(164)	Sale of Equistar investment
		37	Asset write-downs
Corporate			
Interest	(73)		
Trust Pfd Distributions & Other	(12)		
Other	(38)		
Taxes	(105)	(13)	Tax effect of adjustments
INCOME FROM CONTINUING OPERATIONS	476	(147)	
Discontinued operations	(74)	74	Discontinued operations
NET INCOME	$ 402	$ (73)	
BASIC EARNINGS PER SHARE			
Income from continuing operations	$ 1.26		
Discontinued operations	(0.19)		

NET INCOME	$ 1.07

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
2001 Third Quarter
Net Income (Loss)
($ millions)

	REPORTED INCOME	ADJUSTMENTS	
Oil & Gas	$ 927	$ (399)	Indonesia - Tangguh LNG
Chemical	38		
Corporate			
Interest - Permian Non-recourse debt	(13)		
Interest - all others	(71)		
Trust Pfd Distributions & Other	(14)		
Other	(296)	272	Occidental Texas Pipelin
Taxes	(128)		
INCOME FROM CONTINUING OPERATIONS	443	(127)	
Discontinued operations	1	(1)	Discontinued operations
NET INCOME	$ 444	$ (128)	

BASIC EARNINGS PER SHARE	
Income from continuing operations	$ 1.19
Discontinued operations	--
NET INCOME	$ 1.19

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
2002 First Nine Months
Net Income (Loss)
($ millions)

	REPORTED INCOME	ADJUSTMENTS	
Oil & Gas	$ 1,217	$ (7)	Asset sale
Chemical	217	(164)	Sale of Equistar inves
		37	Asset write-downs
		14	Severance
Corporate			
Interest	(217)		
Trust Pfd Distributions & Other	(33)		
Other	(94)		
Taxes	(250)	(18)	Tax effect of adjustme
Income from continuing operations	840	(138)	
Discontinued operations	(78)	78	Discontinued operation
Cumulative effect of changes in accounting principles, net	(95)	95	Goodwill impairment
NET INCOME	$ 667	$ 35	

BASIC EARNINGS PER SHARE	
Income from continuing operations	$ 2.23
Discontinued operations	(0.21)
Cumulative effect of changes in accounting principles	(0.25)
NET INCOME	$ 1.77

Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM
2001 First Nine Months
Net Income (Loss)
($ millions)

	REPORTED INCOME	ADJUSTMENTS	
Oil & Gas	$ 2,679	$ (399)	Indonesia - Tangguh LNG
		(7)	Asset sale
Chemical	14	26	Severance & plant shut
Corporate			
Interest - Permian Non-recourse debt	(69)		
Interest - all others	(223)		
Trust Pfd Distributions & Other	(45)		
Other	(380)	272	Occidental Texas Pipeli
		49	Environmental remediati
		(6)	OIL insurance dividend
Taxes	(550)	(70)	State tax reserve rever
Income from continuing operations	1,426	(135)	
Discontinued operations	2	(2)	Discontinued operations
Extraordinary loss, net	(3)	3	Early debt extinguishme
Cumulative effect of changes in accounting principles, net	(24)	24	Derivative & hedge acco
NET INCOME	$ 1,401	$ (110)	
BASIC EARNINGS PER SHARE			
Income from continuing operations	$ 3.83		
Discontinued operations	0.01		
Extraordinary loss, net	(0.01)		
Cumulative effect of changes in accounting principles, net	(0.06)		
NET INCOME	$ 3.77		

14

Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM
2002 Third Quarter Net Income (Loss)
Reported Income Comparison

	THIRD QUARTER 2002	SECOND QUARTER 2002	B / (W)
Oil & Gas	$ 490	$ 421	$ 69
Chemical	214	34	180

Corporate			
Interest - all others	(73)	(74)	1
Trust Pfd Distributions & Other	(12)	(9)	(3)
Other	(38)	(30)	(8)
Taxes	(105)	(101)	(4)
Income from continuing operations	476	241	235
Discontinued operations	(74)	(1)	(73)
Net Income	$ 402	$ 240	$ 162
Basic Earnings Per Share	$ 1.07	$ 0.64	$ 0.43
Effective Tax Rate	-152%	29%	181%

OCCIDENTAL PETROLEUM
2002 Third Quarter Net Income (Loss)
Income Before Special Items Comparison

	THIRD QUARTER 2002	SECOND QUARTER 2002	B / (W)
Oil & Gas	$ 483	$ 421	$ 62
Chemical	87	34	53
Corporate			
Interest - all others	(73)	(74)	1
Trust Pfd Distributions & Other	(12)	(9)	(3)
Other	(38)	(30)	(8)
Taxes	(118)	(101)	(17)
Net Income	$ 329	$ 241	$ 88
Basic Earnings Per Share	$ 0.87	$ 0.64	$ 0.23
Effective Tax Rate	26%	29%	3%

15

Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM

Oil & Gas
Segment Earnings Before Special Items Variance Analysis
($ millions)

2002 3rd Quarter	$ 483
2002 2nd Quarter	421
	$ 62

Price Variance	$ 47
Volume Variance	(6)
Exploration Expense Variance	30
All Other	(9)
TOTAL VARIANCE	$ 62

OCCIDENTAL PETROLEUM
Chemical
Segment Earnings Before Special Items Variance Analysis
($ millions)

2002 3rd Quarter	$ 87
2002 2nd Quarter	34
	$ 53

Sales Price	$ 66
Sales Volume/Mix	(9)
Operations/Manufacturing	(25)
All Other	21
TOTAL VARIANCE	$ 53

* Increased volume and higher feedstock costs
** Includes higher equity earnings

Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM
2002 Third Quarter Net Income (Loss)
Reported Income Comparison

	Third Quarter 2002	Third Quarter 2001	B / (W)
Oil & Gas	$ 490	$ 927	$ (437)
Chemical	214	38	176
Corporate			
Interest - Permian Non-recourse debt	--	(13)	13
Interest - all others	(73)	(71)	(2)
Trust Pfd Distributions & Other	(12)	(14)	2
Other	(38)	(296)	258
Taxes	(105)	(128)	23
Income from continuing operations	476	443	33
Discontinued operations	(74)	1	(75)
Net Income	$ 402	$ 444	$ (42)
Basic Earnings Per Share	$ 1.07	$ 1.19	$ (0.12)
Effective Tax Rate	-152%	-5%	147%

OCCIDENTAL PETROLEUM
2002 Third Quarter Net Income (Loss)
Income Before Special Items Comparison

	Third Quarter 2002	Third Quarter 2001	B / (W)
Oil & Gas	$ 483	$ 528	$ (45)
Chemical	87	38	49
Corporate			
Interest - Permian non-recourse debt	--	(13)	13
Interest - all others	(73)	(71)	(2)
Trust Pfd Distributions & Other	(12)	(14)	2
Other	(38)	(24)	(14)
Taxes	(118)	(128)	10
Net Income	$ 329	$ 316	$ 13

Basic Earnings Per Share	$ 0.87	$ 0.85	$ 0.02
Effective Tax Rate	26%	28%	2%

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
Oil & Gas
Segment Earnings Before Special Items Variance Analysis
($ millions)

2002 3rd Quarter	$ 483
2001 3rd Quarter	528
	$ (45)
Price Variance	$ (43)
Volume Variance	3
Exploration Expense Variance	62
All Other	(67)
TOTAL VARIANCE	$ (45)

OCCIDENTAL PETROLEUM
Chemical
Segment Earnings Before Special Items Variance Analysis
($ millions)

2002 3rd Quarter	$ 87
2001 3rd Quarter	38
	$ 49
Sales Price	$ 13

Sales Volume/Mix	(1)
Operations/Manufacturing	(17)
All Other	54
TOTAL VARIANCE	$ 49

* Higher energy and feedstock costs.
** Includes higher equity earnings

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
SUMMARY OF OPERATING STATISTICS

	Third Quarter		Nine Months	
	2002	2001	2002	2001
NET PRODUCTION PER DAY:				
United States				
Crude oil and liquids (MBL)				
California	84	78	87	75
Permian	143	137	141	136
US Other	3	--	3	--
Total	230	215	231	211
Natural Gas (MMCF)				
California	283	302	293	305
Hugoton	149	154	152	161
Permian	132	146	129	147
Total	564	602	574	613
Latin America				
Crude oil (MBL)				
Colombia	33	35	34	19
Ecuador	13	13	13	13
Total	46	48	47	32
Eastern Hemisphere				
Crude oil (MBL)				
Oman	9	10	14	10
Pakistan	12	7	10	7
Qatar	44	45	43	43
Russia	26	27	27	27
Yemen	29	32	36	33

Total	120	121	130	120
Natural Gas (MMCF)				
Pakistan	74	50	58	49
Barrels of Oil Equivalent (MBOE)	502	493	513	473

Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

	Third Quarter		Nine Months	
	2002	2001	2002	2001
OIL & GAS:				
PRICES				
UNITED STATES				
Crude Oil ($/BBL)	25.75	23.03	22.81	23.48
Natural gas ($/MCF)	2.94	4.49	2.74	7.71
LATIN AMERICA				
Crude oil ($/BBL)	25.35	21.14	22.21	21.40
EASTERN HEMISHPERE				
Crude oil ($/BBL)	24.59	22.60	21.61	22.66
Natural Gas ($/MCF)	1.95	2.16	2.14	2.25

	Third Quarter		Nine Months	
	2002	2001	2002	2001
Exploration Expense				
Domestic	$ 18	$ 15	$ 72	$ 37
Latin America	3	68	17	72
Eastern Hemisphere	8	8	26	21
TOTAL	$ 29	$ 91	$ 115	$ 130

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
CHEMICALS
Volume (M Tons)

MAJOR PRODUCTS	Third Quarter		Nine Months	
	2002	2001	2002	2001
Chlorine	685	720	2,121	2,211
Caustic	716	760	2,033	2,179
Ethylene Dichloride	94	208	386	584
PVC Resins	1,022	1,015	3,215	3,128

CHEMICALS
Prices (Index)

MAJOR PRODUCTS	Third Quarter		Nine Months	
	2002	2001	2002	2001
Chlorine	1.37	0.68	0.83	0.78
Caustic	0.61	1.36	0.72	1.37
Ethylene Dichloride	1.30	0.43	1.02	0.66
PVC Resins	0.88	0.65	0.70	0.71

CHLORINE

OxyChem Commentary

- Demand continued to improve through July and August but fell in September. The current outlook for the 4th quarter is continued softening as seasonal PVC demand declines and large buyers work down inventories before year-end.

- Industry effective operating rates continued to climb to 94% in the 3rd quarter, up from 92% in the 2nd quarter and 87% in the 1st quarter. Rates are expected to ease in the 4th quarter as demand falls.

- A price increase of $40/ton was announced in late August for implementation in October.

Influencing Factors:

A continued economic recovery in 2003, coupled with a lack of new capacity, is expected to yield stronger demand and higher industry operating rates.

Investor Relations Supplemental Schedules

[OXY LOGO]

CAUSTIC

OxyChem Commentary

- Caustic soda consumption in the domestic and export markets continues to slowly improve. Seasonal demand for caustic soda was robust, particularly in the bleach market. Demand for caustic soda into the distribution and inorganic markets remained stable. Consumption in the fourth quarter will ease due to seasonal changes.

- Domestic pricing for caustic soda continues to improve. Third quarter pricing improved as a result of the $50/ton price increase supported by the industry in mid-May. Producers have announced an additional $50/ton price increase for the fourth quarter.

Influencing Factors:

The supply/demand balance for caustic soda continues to narrow due to capacity restrictions and improving demand for caustic soda in the U.S. manufacturing sector. Continued strengthening of the US economy, coupled with improved global economic conditions, is expected to lead to continued price improvement.

EDC

OxyChem Commentary

- Demand was stable for most of the third quarter, as buyers remained uncertain about the market. The market in China has softened due to increased production of VCM through alternative methods and an increased supply of EDC from the Middle East and Japan.

- Declining PVC prices in China has put significant downward price pressure on EDC. Prices in August were 2 cents/lb. lower than in June. As a result some producers are directing chlorine into the merchant market rather than to the production of EDC.

Influencing Factors:

Pricing will be under pressure for the 2nd half of 2002. The demand for vinyls in China is expected to increase in early 2003 yielding an improved supply/demand balance and higher prices for EDC.

PVC/VCM

OxyChem Commentary

- Going into the quarter, PVC resin demand outweighed production capability. By the end of the quarter a slowdown began in the pipe sector and resin inventories began to climb.
- OxyVinyls' PVC operating rates for the 3rd quarter were at 94%. Rates in the 4th quarter are expected to remain strong to rebuild inventory in

preparation for the spring construction season. The estimated industry average operating rate for the 3rd quarter was 90%. Early in the quarter, some resin producers were constrained by a lack of

chlorine and VCM, while later in the quarter some producers opted to slow their plants due to weakening demand. Capacities used to calculate operating rates have been modified to exclude both the former Borden Geismar and Addis facilities, which are currently idle.

- Domestic PVC resin market prices increased $.02/lb in July and were flat in August and September.

- Demand for exports to Asia was weak for most of the quarter. U.S. export PVC resin prices into Asia started the quarter at approximately $580/MT and declined to $520/MT by the end of the quarter. Prices to Latin America declined by $100/MT, ending the quarter at approximately $620/MT.

- Demand for VCM has been very strong throughout the year and the 3rd quarter was no exception. VCM inventory levels remain low due to numerous planned and unplanned plant outages throughout the 3rd quarter and strong domestic PVC demand. PVC demand is expected to fall in the 4th quarter due to the seasonal slowdown. During this period VCM producers will rebuild inventory levels and look for opportunities to sell VCM in overseas markets in order to keep their plants running.

- Demand for VCM overseas remained strong throughout most of the 3rd quarter. However, VCM prices started to fall in August as PVC prices in South America dropped due to increased competition. Asian demand has fallen in recent months and is not expected to rebound this year.

- Export VCM prices started their rise in February from the $250 - $260/MT range and continued to their peak of about $520/MT in July. Prices started to fall in August as demand in several overseas markets, including Asia and South America, started to taper off. Pricing for September shipments was in the $470 - $490/MT range.

Influencing Factors:

Price pressure in the 4th quarter created by the downturn in the pipe sector and the normal seasonal slowdown will be moderated by the resin producers' need to build inventory and expectations that tight chlorine and VCM markets will continue to constrain PVC production in the 1st half of 2003.

OCCIDENTAL PETROLEUM
Chemical Segment
Historical Financials Excluding Petrochemicals

	1993	1994	1995	1996	1997	1998	1999	2000	2
EBIT	$ 185	$ 236	$ 634	$ 414	$ 315	$ 243	$ 120	$ 216	$
DD&A	190	184	178	145	158	152	182	183	
EBITDA	375	420	812	559	473	395	302	399	
Capital Spending (1)	(128)	(153)	(195)	(215)	(346)	(300)	(112)	(148)	
Free Cash Flow (2)	$ 247	$ 267	$ 617	$ 344	$ 127	$ 95	$ 190	$ 251	$

(1) Excludes divestiture proceeds and acquisitions
(2) Excludes working capital changes

Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

	Third Quarter		Nine Months	
	2002	2001	2002	2001
Capital Expenditures ($MM)				
Oil & Gas				
California	$ 57	$ 111	$ 178	$ 229
Permian	50	67	153	192
Other - U.S.	20	41	64	95
Latin America	26	20	77	56
Eastern Hemisphere	92	94	270	228
Chemicals	21	22	56	64
Corporate	17	40	42	44
TOTAL	$ 283	$ 395	$ 840	$ 908

Depreciation, Depletion & Amortization of Assets ($MM)				
Oil & Gas				
Domestic	$ 138	$ 134	$ 434	$ 396
Latin America	9	8	27	18
Eastern Hemisphere	52	46	153	139
Chemicals	44	46	139	140
Corporate	2	9	6	29
TOTAL	$ 245	$ 243	$ 759	$ 722

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM
CORPORATE
($ millions)

	30-Sep-02	31-Dec-01
CAPITALIZATION		
Oxy Long-Term Debt (including current maturities)	$ 4,141	$ 4,065
Gas Sales Obligation (current and non-current)	--	282
Trust Preferred Securities	456	463
Others	26	80
Total Debt	$ 4,623	$ 4,890
EQUITY	$ 6,021	$ 5,634
Total Debt To Total Capitalization	43%	46%

Investor Relations Supplemental Schedules

[OXY LOGO]

Portions of this presentation are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995, and involve risks and uncertainties that could significantly affect expected results. No assurance can be given that the results or statement of expectations or beliefs will be attained. Factors that may cause actual results to differ materially are contained in the March 13, 2002 form 10-K on file with the SEC.

27

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION
(Registrant)

DATE: October 18, 2002 S. P. Dominick, Jr.

S. P. Dominick, Jr., Vice President and Controller
(Chief Accounting and Duly Authorized Officer)

These and other activities of our affiliates may affect the closing value of the underlying in a way that negatively affects the value of and your return on the securities.

The closing value of the underlying may be adversely affected by our or our affiliates' hedging and other trading activities. We expect to hedge our obligations under the securities through CGMI or other of our affiliates, who may take positions in the underlying or in financial instruments related to the underlying and may adjust such positions during the term of the securities. Our affiliates also take positions in the underlying or in financial instruments related to the underlying on a regular basis (taking long or short positions or both), for their accounts, for other accounts under their management or to facilitate transactions on behalf of customers. These activities could affect the closing value of the underlying in a way that negatively affects the value of and your return on the securities. They could also result in substantial returns for us or our affiliates while the value of the securities declines.

We and our affiliates may have economic interests that are adverse to yours as a result of our affiliates' business activities. Our affiliates engage in business activities with a wide range of companies. These activities include extending loans, making and facilitating investments, underwriting securities offerings and providing advisory services. These activities could involve or affect the underlying in a way that negatively affects the value of and your return on the securities. They could also result in substantial returns for us or our affiliates while the value of the securities declines. In addition, in the course of this business, we or our affiliates may acquire non-public information, which will not be disclosed to you.

The calculation agent, which is an affiliate of ours, will make important determinations with respect to the securities. If certain events occur during the term of the securities, such as market disruption events and other events with respect to the underlying, CGMI, as calculation agent, will be required to make discretionary judgments that could significantly affect your return on the securities. In making these judgments, the calculation agent's interests as an affiliate of ours could be adverse to your interests as a holder of the securities. See "Risks Relating to the Securities—Risks Relating to All Securities—The calculation agent, which is an affiliate of ours, will make important determinations with respect to the securities" in the accompanying product supplement.

Even if the underlying pays a dividend that it identifies as special or extraordinary, no adjustment will be required under the securities for that dividend unless it meets the criteria specified in the accompanying product supplement. In general, an adjustment will not be made under the terms of the securities for any cash dividend paid by the underlying unless the amount of the dividend per share, together with any other dividends paid in the same quarter, exceeds the dividend paid per share in the most recent quarter by an amount equal to at least 10% of the closing value of the underlying on the date of declaration of the dividend. Any dividend will reduce the closing value of the underlying by the amount of the dividend per share. If the underlying pays any dividend for which an adjustment is not made under the terms of the securities, holders of the securities will be adversely affected. See "Description of the Securities—Certain Additional Terms for Securities Linked to an Underlying Company or an Underlying ETF—Dilution and Reorganization Adjustments—Certain Extraordinary Cash Dividends" in the accompanying product supplement.

The securities will not be adjusted for all events that may have a dilutive effect on or otherwise adversely affect the closing value of the underlying. For example, we will not make any adjustment for ordinary dividends or extraordinary dividends that do not meet the criteria described above, partial tender offers or additional underlying share issuances. Moreover, the adjustments we do make may not fully offset the dilutive or adverse effect of the particular event. Investors in the securities may be adversely affected by such an event in a circumstance in which a direct holder of the underlying shares would not.

The securities may become linked to an underlying other than the original underlying upon the occurrence of a reorganization event or upon the delisting of the underlying shares. For example, if the underlying enters into a merger agreement that provides for holders of the underlying shares to receive shares of another entity and such shares are marketable securities, the closing value of the underlying following consummation of the merger will be based on the value of such other shares. Additionally, if the underlying shares are delisted, the calculation agent may select a successor underlying. See "Description of the Securities—Certain Additional Terms for Securities Linked to an Underlying Company or an Underlying ETF" in the accompanying product supplement.

The value and performance of the underlying shares may not completely track the performance of the underlying index that the underlying seeks to track or the net asset value per share of the underlying. The underlying does not fully replicate the underlying index that it seeks to track and may hold securities different from those included in its underlying index. In addition, the performance of the underlying will reflect additional transaction costs and fees that are not included in the calculation of its underlying index. All of these factors may lead to a lack of correlation between the performance of the underlying and its underlying index. In addition, corporate actions with respect to the equity securities held by the underlying (such as mergers and spin-offs) may impact the variance between the performance of the underlying and its underlying index. Finally, because the underlying shares are traded on an exchange and are subject to market supply and investor demand, the closing value of the underlying may differ from the net asset value per share of the underlying.

During periods of market volatility, securities included in the underlying's underlying index may be unavailable in the secondary market, market participants may be unable to calculate accurately the net asset value per share of the underlying and the liquidity of the underlying may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares of the underlying. Further, market volatility may adversely affect, sometimes materially, the price at which market participants are willing to buy and sell the underlying shares. As a result, under these circumstances, the closing value of the underlying may vary substantially from the net asset value per share of the underlying. For all of the foregoing reasons, the performance of the underlying may not correlate with the performance of its underlying index and/or its net asset value per share, which could materially and adversely affect the value of the securities and/or reduce your return on the securities.

Changes that affect the underlying may affect the value of your securities. The sponsor of the underlying may at any time make methodological changes or other changes in the manner in which it operates that could affect the value of the underlying. We are not affiliated with such underlying sponsor and, accordingly, we have no control over any changes such sponsor may make. Such changes could adversely affect the performance of the underlying and the value of and your return on the securities.

The U.S. federal tax consequences of an investment in the securities are unclear. There is no direct legal authority regarding the proper U.S. federal tax treatment of the securities, and we do not plan to request a ruling from the Internal Revenue Service (the “IRS”). Consequently, significant aspects of the tax treatment of the securities are uncertain, and the IRS or a court might not agree with the treatment of the securities as described in “United States Federal Tax Considerations” below. If the IRS were successful in asserting an alternative treatment, the tax consequences of ownership and disposition of the securities might be materially and adversely affected. Moreover, as described in the accompanying product supplement under “United States Federal Tax Considerations,” in 2007 the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. While it is not clear whether the securities would be viewed as similar to the typical prepaid forward contract described in the notice, it is possible that any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, including the character and timing of income or loss recognized by U.S. investors, possibly with retroactive effect. You should read carefully the discussion under “United States Federal Tax Considerations” and “Risk Factors Relating to the Securities” in the accompanying product supplement and “United States Federal Tax Considerations” in this pricing supplement. You should also consult your tax adviser regarding the U.S. federal tax consequences of an investment in the securities, as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Non-U.S. investors should note that persons having withholding responsibility in respect of the securities may withhold on any coupon payment paid to a non-U.S. investor, generally at a rate of 30%. To the extent that we have withholding responsibility in respect of the securities, we intend to so withhold.

In addition, Section 871(m) of the Internal Revenue Code of 1986, as amended (the “Code”), imposes a withholding tax of up to 30% on “dividend equivalents” paid or deemed paid to non-U.S. investors in respect of certain financial instruments linked to U.S. equities. In light of Treasury regulations, as modified by an IRS notice, that provide a general exemption for financial instruments issued in 2018 that do not have a “delta” of one, as of the date of this preliminary pricing supplement the securities should not be subject to withholding under Section 871(m). However, information about the application of Section 871(m) to the securities will be updated in the final pricing supplement. Moreover, the IRS could challenge a conclusion that the securities should not be subject to withholding under Section 871(m).

We will not be required to pay any additional amounts with respect to amounts withheld.

Citigroup Global Markets Holdings Inc.

Information About the Alerian MLP ETF

The Alerian MLP ETF seeks investment results that correspond generally to the performance, before fees and expenses, of the Alerian MLP Infrastructure Index. The Alerian MLP Infrastructure Index is comprised of 26 energy infrastructure master limited partnerships that earn the majority of their revenues from the transportation, storage and processing of energy commodities. The underlying index is calculated using a capped, float-adjusted, capitalization weighted methodology.

The Alerian MLP ETF is an investment portfolio managed by ALPS ETF Trust, a registered investment company. Information provided to or filed with the SEC by ALPS ETF Trust pursuant to the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, can be located by reference to SEC file numbers 333-148826 and 811-22175, respectively, through the SEC's website at http://www.sec.gov. In addition, information may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. The underlying shares of the Alerian MLP ETF trade on the NYSE Arca under the ticker symbol "AMLP."

We have derived all information regarding the Alerian MLP ETF from publicly available information and have not independently verified any information regarding the Alerian MLP ETF. This pricing supplement relates only to the securities and not to the Alerian MLP ETF. We make no representation as to the performance of the Alerian MLP ETF over the term of the securities.

The securities represent obligations of Citigroup Global Markets Holdings Inc. (guaranteed by Citigroup Inc.) only. The sponsor of the Alerian MLP ETF is not involved in any way in this offering and has no obligation relating to the securities or to holders of the securities.

Historical Information

The closing value of the Alerian MLP ETF on July 26, 2018 was $10.88.

The graph below shows the closing value of the Alerian MLP ETF for each day such value was available from August 25, 2010 to July 26, 2018. We obtained the closing values from Bloomberg L.P., without independent verification. You should not take historical closing values as an indication of future performance.

Alerian MLP ETF – Historical Closing Values

August 25, 2018 to July 26, 2018

PS-8

Citigroup Global Markets Holdings Inc.

United States Federal Tax Considerations

You should read carefully the discussion under "United States Federal Tax Considerations" and "Risk Factors Relating to the Securities" in the accompanying product supplement and "Summary Risk Factors" in this pricing supplement.

Due to the lack of any controlling legal authority, there is substantial uncertainty regarding the U.S. federal tax consequences of an investment in the securities. In connection with any information reporting requirements we may have in respect of the securities under applicable law, we intend (in the absence of an administrative determination or judicial ruling to the contrary) to treat the securities for U.S. federal income tax purposes as prepaid forward contracts with associated coupon payments that will be treated as gross income to you at the time received or accrued in accordance with your regular method of tax accounting. In the opinion of our counsel, Davis Polk & Wardwell LLP, which is based on current market conditions, this treatment of the securities is reasonable under current law; however, our counsel has advised us that it is unable to conclude affirmatively that this treatment is more likely than not to be upheld, and that alternative treatments are possible.

Assuming this treatment of the securities is respected and subject to the discussion in "United States Federal Tax Considerations" in the accompanying product supplement, the following U.S. federal income tax consequences should result under current law:

- Any coupon payments on the securities should be taxable as ordinary income to you at the time received or accrued in accordance with your regular method of accounting for U.S. federal income tax purposes.

- Upon a sale or exchange of a security (including retirement at maturity), you should recognize capital gain or loss equal to the difference between the amount realized and your tax basis in the security. For this purpose, the amount realized does not include any coupon paid on retirement and may not include sale proceeds attributable to an accrued coupon, which may be treated as a coupon payment. Such gain or loss should be long-term capital gain or loss if you held the security for more than one year.

We do not plan to request a ruling from the IRS regarding the treatment of the securities, and the IRS or a court might not agree with the treatment described herein. In addition, the U.S. Treasury Department and the IRS have released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts." While it is not clear whether the securities would be viewed as similar to the typical prepaid forward contract described in the notice, it is possible that any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, including the character and timing of income or loss, possibly with retroactive effect. You should consult your tax adviser regarding possible alternative tax treatments of the securities and potential consequences of the IRS notice.

Withholding Tax on Non-U.S. Holders. Because significant aspects of the tax treatment of the securities are uncertain, persons having withholding responsibility in respect of the securities may withhold on any coupon payment paid to Non-U.S. Holders (as defined in the accompanying product supplement), generally at a rate of 30%. To the extent that we have (or an affiliate of ours has) withholding responsibility in respect of the securities, we intend to so withhold. In order to claim an exemption from, or a reduction in, the 30% withholding, you may need to comply with certification requirements to establish that you are not a U.S. person and are eligible for such an exemption or reduction under an applicable tax treaty. You should consult your tax adviser regarding the tax treatment of the securities, including the possibility of obtaining a refund of any amounts withheld and the certification requirement described above.

Moreover, as discussed under "United States Federal Tax Considerations – Tax Consequences to Non-U.S. Holders – Possible Withholding Under Section 871(m) of the Code" in the accompanying product supplement, Section 871(m) of the Code and Treasury regulations promulgated thereunder ("Section 871(m)") generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities ("U.S. Underlying Equities") or indices that include U.S. Underlying Equities. Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined based on tests set forth in the applicable Treasury regulations (a "Specified Security"). However, the regulations, as modified by an IRS notice, exempt financial instruments issued in 2018 that do not have a "delta" of one. Based on the terms of the securities and representations provided by us, our counsel is of the opinion that the securities should not be treated as transactions that have a "delta" of one within the meaning of the regulations with respect to any U.S. Underlying Equity and, therefore, should not be Specified Securities subject to withholding tax under Section 871(m).

A determination that the securities are not subject to Section 871(m) is not binding on the IRS, and the IRS may disagree with this treatment. Moreover, Section 871(m) is complex and its application may depend on your particular circumstances. For example, if you enter into other transactions relating to a U.S. Underlying Equity, you could be subject to withholding tax or income tax liability under Section 871(m) even if the securities are not Specified Securities subject to Section 871(m) as a general matter. You should consult your tax adviser regarding the potential application of Section 871(m) to the securities.

This information is indicative and will be updated in the final pricing supplement or may otherwise be updated by us in writing from time to time. Non-U.S. Holders should be warned that Section 871(m) may apply to the securities based on circumstances as of the pricing date for the securities and, therefore, it is possible that the securities will be subject to withholding tax under Section 871(m).

We will not be required to pay any additional amounts with respect to amounts withheld.

You should read the section entitled "United States Federal Tax Considerations" in the accompanying product supplement. The preceding discussion, when read in combination with that section, constitutes the full opinion

of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of owning and disposing of the securities.

Citigroup Global Markets Holdings Inc.

You should also consult your tax adviser regarding all aspects of the U.S. federal income and estate tax consequences of an investment in the securities and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Supplemental Plan of Distribution

CGMI, an affiliate of Citigroup Global Markets Holdings Inc. and the underwriter of the sale of the securities, is acting as principal and will not receive any underwriting fee for any securities sold in this offering.

See "Plan of Distribution; Conflicts of Interest" in the accompanying product supplement and "Plan of Distribution" in each of the accompanying prospectus supplement and prospectus for additional information.

Valuation of the Securities

CGMI calculated the estimated value of the securities set forth on the cover page of this pricing supplement based on proprietary pricing models. CGMI's proprietary pricing models generated an estimated value for the securities by estimating the value of a hypothetical package of financial instruments that would replicate the payout on the securities, which consists of a fixed-income bond (the "bond component") and one or more derivative instruments underlying the economic terms of the securities (the "derivative component"). CGMI calculated the estimated value of the bond component using a discount rate based on our internal funding rate. CGMI calculated the estimated value of the derivative component based on a proprietary derivative-pricing model, which generated a theoretical price for the instruments that constitute the derivative component based on various inputs, including the factors described under "Summary Risk Factors—The value of the securities prior to maturity will fluctuate based on many unpredictable factors" in this pricing supplement, but not including our or Citigroup Inc.'s creditworthiness. These inputs may be market-observable or may be based on assumptions made by CGMI in its discretionary judgment.

The estimated value of the securities is a function of the terms of the securities and the inputs to CGMI's proprietary pricing models. As of the date of this preliminary pricing supplement, it is uncertain what the estimated value of the securities will be on the pricing date because certain terms of the securities have not yet been fixed and because it is uncertain what the values of the inputs to CGMI's proprietary pricing models will be on the pricing date.

For a period of approximately four months following issuance of the securities, the price, if any, at which CGMI would be willing to buy the securities from investors, and the value that will be indicated for the securities on any brokerage account statements prepared by CGMI or its affiliates (which value CGMI may also publish through one or more financial information vendors), will reflect a temporary upward adjustment from the price or value that would otherwise be determined. This temporary upward adjustment represents a portion of the hedging profit expected to be realized by CGMI or its affiliates over the term of the securities. The amount of this temporary upward adjustment will decline to zero on a straight-line basis over the four-month temporary adjustment period. However, CGMI is not obligated to buy the securities from investors at any time. See "Summary Risk Factors—The securities will not be listed on any securities exchange and you may not be able to sell them prior to maturity."

Certain Selling Restrictions

Hong Kong Special Administrative Region

The contents of this pricing supplement and the accompanying product supplement, prospectus supplement and prospectus have not been reviewed by any regulatory authority in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"). Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this pricing supplement and the accompanying product supplement, prospectus supplement and prospectus, they should obtain independent professional advice.

The securities have not been offered or sold and will not be offered or sold in Hong Kong by means of any document, other than

(i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or

(ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "Securities and Futures Ordinance") and any rules made under that Ordinance; or

(iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

There is no advertisement, invitation or document relating to the securities which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Non-insured Product: These securities are not insured by any governmental agency. These securities are not bank deposits and are not covered by the Hong Kong Deposit Protection Scheme.

Citigroup Global Markets Holdings Inc.

Singapore

This pricing supplement and the accompanying product supplement, prospectus supplement and prospectus have not been registered as a prospectus with the Monetary Authority of Singapore, and the securities will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"). Accordingly, the securities may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this pricing supplement or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any securities be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act. Where the securities are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor, securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the relevant securities pursuant to an offer under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the Securities and Futures Act; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Any securities referred to herein may not be registered with any regulator, regulatory body or similar organization or institution in any jurisdiction.

The securities are Specified Investment Products (as defined in the Notice on Recommendations on Investment Products and Notice on the Sale of Investment Product issued by the Monetary Authority of Singapore on 28 July 2011) that is neither listed nor quoted on a securities market or a futures market.

Non-insured Product: These securities are not insured by any governmental agency. These securities are not bank deposits. These securities are not insured products subject to the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 of Singapore and are not eligible for deposit insurance coverage under the Deposit Insurance Scheme.

Contact

Clients may contact their local brokerage representative. Third-party distributors may contact Citi Structured Investment Sales at (212) 723-7005.