

California Resources Corporation
FEIN: 46-5670947

Tax Information Provided Pursuant to U.S. Treas. Reg. Sec. 1.1273-2(f)(9):
Issue Price Disclosure

On September 24, 2014, California Resources Corporation (“CRC”) and certain lenders (the “Lenders”) entered into a credit agreement (the “Credit Agreement”) that provided for a term loan (the “Old Term Loan”) and a revolving loan (the “Old Revolving Loan” and together with the Old Term Loan the “Old Loans”). On February 23, 2016, CRC and the Lenders entered into the Third Amendment to the Credit Agreement (the “Amendment”). The Amendment, inter alia, effectively increased the margin on the Old Loans by 75 basis points. As a result of the Amendment, for U.S. federal income tax purposes, the Old Loans were deemed to be retired and reissued for a new term loan (the “New Term Loan”) and a new revolving loan (the “New Revolving Loan” and together with the New Term Loan, the “New Loans”).

Pursuant to U.S. Treasury Regulation Section 1.1273-2(f)(9), CRC determined that the New Loans are traded on an established market within the meaning of U.S. Treasury Regulation Section 1.1273-2. Accordingly, the issue price of the New Loans is equal to the fair market value as determined on the deemed issue date (February 23, 2016). Based on the information reasonably available to CRC, the “issue price” of the New Term Loan, within the meaning of U.S. Treasury Regulation Section 1.1273-2(b), is 71.17% of par value, and the issue price of the New Revolving Loan is 71.33% of par value.

As provided by the Regulations, the above determination is binding upon all Lenders unless such Lender explicitly discloses, in accordance with the requirements of the Regulation, that its determination is different from CRC’s determination. A Lender’s disclosure must be made on a timely filed federal income tax return for the taxable year that includes the acquisition date of the New Loans.

There can be no assurance that the IRS will not take a different position from ours or that any such position would be sustained.

This notice is only intended to fulfill CRC’s notification obligation under the Regulation and does not constitute tax advice. Lenders are encouraged to obtain independent tax advice to determine the implications of this notification to them.