
UNITED STATES
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 22, 2020

California Resources Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-36478
(Commission
File Number)

46-5670947
(IRS Employer
Identification No.)

27200 Tourney Road
Suite 200
Santa Clarita
California
(Address of Principal Executive Offices)

91355
(Zip Code)

Registrant's Telephone Number, Including Area Code: (888) 848-4754

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CRC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Departure and Appointment of Directors

Pursuant to the Plan (as defined below), as of the Effective Date (as defined below), the following directors ceased to serve on the board of directors (the “Board”) of California Resources Corporation (“CRC” or the “Company”): William E. Albrecht, Justin A. Gannon, Harry T. McMahon, Richard W. Moncrief, Avedick B. Poladian, Anita M. Powers, Laurie A. Siegel, and Robert V. Sinnott. None of the departures resulted from any disagreement with the Company regarding any matter related to the Company’s operations, policies or practices.

Effective as of the Effective Date, the Company’s Board after the emergence consists of nine members, including the following seven members who were appointed as of the Effective Date: Douglas E. Brooks, Tiffany (TJ) Thom Cepak, James N. Chapman, Mark A. McFarland, Julio M. Quintana, William B. Roby and Brian Steck. Todd A. Stevens, the chief executive officer of the Company, will continue to serve on the Board and the ninth Board seat is vacant as of the Effective Date.

Douglas E. Brooks

Mr. Brooks, 61, is currently a private investor. He previously served on the Board of Directors of Chaparral Energy, Inc. from 2017 to October 2020 and also served on the Board of Directors of Madalena Energy Inc. (now Centaurus Energy, Inc.) in Canada. From April 2017 he served as President and Chief Executive Officer as well as a member of the Board of Directors of Energy XXI Gulf Coast, Inc., an offshore Gulf of Mexico exploration and production company, until it was acquired by an affiliate of Cox Oil LLC in October 2018. From 2015 to 2016, he served as president and chief executive officer and a member of the Board of Directors of Yates Petroleum Corporation, a privately owned exploration and production company, which merged with EOG Resources. From 2012 to 2014, he served as Chief Executive Officer as well as a member of the Board of Directors of Aurora Oil & Gas Limited until it merged with Baytex Energy Corp. In 2012, he served as a senior vice president at Forest Oil Corporation. From 2006 to 2012, Mr. Brooks also built two private equity sponsored firms focused on unconventional resource projects in the western U.S. In addition, he spent 24 years with Marathon Oil Company in roles of increasing responsibility, lastly as the director of upstream mergers and acquisitions and business development for the Americas. He holds a Bachelor of Science degree in business management from the University of Wyoming – Casper and a Master of Business Administration, Finance from Our Lady of the Lake University in Texas.

Tiffany (TJ) Thom Cepak

Ms. Cepak, 48, has 26 years of energy industry experience, including both financial and operational appointments. She has served as a director of Patterson-UTI since August 2014 and as a director of Penn Virginia Corporation since September 2019. Ms. Cepak served as the Chief Financial Officer of Energy XXI Gulf Coast Inc. from August 2017 to October 2018. Ms. Cepak served as the Chief Financial Officer of KLR Energy (and, subsequent to its business combination, Rosehill Resources Inc.) from January 2015 to June 2017. Ms. Cepak served as a director of Yates Petroleum Corporation, a privately owned, independent oil and gas exploration and production company, from October 2015 to October 2016. Ms. Cepak served four years as the Chief Financial Officer of EPL Oil & Gas, Inc., and was further appointed Executive Vice President in January 2014, and she served in those roles until June 2014, when EPL was sold. Ms. Cepak originally joined EPL as a Senior Asset Management Engineer, a position she held until she was appointed Director of Corporate Reserves in September 2001. Ms. Cepak was named EPL’s Director of Investor Relations in April 2006 and Vice President, Treasurer and Investor Relations in July 2008. In July 2009, Ms. Cepak was designated as EPL’s Principal Financial Officer and, in September 2009, she was appointed Senior Vice President. Prior to joining EPL, she was a Senior Reservoir Engineer with Exxon Production Company and ExxonMobil Company with operational roles including reservoir engineering and subsurface completion engineering for numerous offshore Gulf of Mexico properties. Ms. Cepak holds a B.S. in Engineering from the University of Illinois and an M.B.A. in Management with a concentration in Finance from Tulane University.

James N. Chapman

Mr. Chapman, 58, serves as a non-executive Advisory Director of SkyWorks Capital, LLC, an aviation and aerospace management consulting services company based in Greenwich, Connecticut, which he joined in December 2004. Prior to SkyWorks, he was associated with Regiment Capital Advisors, LP, an investment advisor based in Boston specializing in high yield investments, which he joined in January 2003. Prior to Regiment, Mr. Chapman acted as a capital markets and strategic planning consultant with private and public companies, as well as investment advisers and hedge funds (including Regiment), across a range of industries. Prior to establishing an independent consulting practice, Mr. Chapman worked for The Renco Group, Inc. (a multi-billion dollar private corporation with diverse investment holdings located throughout the world) from December 1996 to December 2001. Prior to Renco, he was a founding principal of Fieldstone Private Capital Group, Inc. in August 1990 where he headed the Corporate Finance and High Yield Finance Groups. Prior to joining Fieldstone, Mr. Chapman worked for Bankers Trust Company from July 1985 to August 1990, most recently in the BT Securities capital markets area. Mr. Chapman has over 35 years of investment banking experience in a wide range of industries including aviation/airlines, metals/mining, natural resources/energy, automotive/general manufacturing, financial services, real estate and healthcare. Mr. Chapman has served on the Board of Directors of Denbury, Inc. since September 2020, and on the Board of Directors of Arch Resources, Inc. since 2016. Mr. Chapman received an M.B.A. degree with distinction from Dartmouth College in 1985 and was elected an Edward Tuck Scholar. He received his BA degree, with distinction, magna cum laude, at Dartmouth College in 1984 and was elected to Phi Beta Kappa, in addition to being a Rufus Choate Scholar.

Mark A. McFarland

Mr. McFarland, 51, has been the Executive Chairman of GenOn Energy, Inc. since December 2018. From April 2017 to December 2018, he was the President and Chief Executive Officer of GenOn and served on its Board of Managers. From 2013 to 2016, he served as Chief Executive Officer of Luminant Holding Company LLC, a subsidiary of Energy Future Holdings Corporation. From 2008 to 2013, he served as both Chief Commercial Officer of Luminant and Executive Vice President, Corporate Development and Strategy of Energy Future Holdings. From 1999 to 2008, Mr. McFarland served in various roles at Exelon Corporation, including as Senior Vice President, Corporate Development from 2005 to 2008 and Vice President, Exelon Generation from 2003 to 2005. He served on the Board of Managers of Bruin E&P Partners, LLC from March 2020 to August 2020. He served on the Board of Directors of TerraForm Power, Inc. from October 2017 to July 2020. He served on the Board of Directors of Chaparral Energy, Inc. from December 2019 to October 2020. Mr. McFarland earned his Masters of Business Administration from the University of Delaware and a Bachelor of Science degree in Civil Engineering (Environmental Concentration) from Virginia Polytechnic Institute and State University. He received his professional engineer license in 1995.

Julio M. Quintana

Mr. Quintana, 61, served as the President and Chief Executive Officer of Tesco Corporation, from 2005 until his retirement in January 2015, and was a member of Tesco's Board of Directors from September 2004 to May 2015. Prior to his appointment as President and Chief Executive Officer, Mr. Quintana served as Executive Vice President and Chief Operating Officer at Tesco beginning in September 2004. Prior to his tenure at Tesco, Mr. Quintana worked for Schlumberger Corporation as Vice President of Integrated Project Management and Vice President of Marketing for the Americas from November 1999 to September 2004. Prior to Schlumberger, Mr. Quintana worked from June 1980 to November 1999 for Unocal Corporation, an integrated E&P company. Mr. Quintana held various operational and managerial roles in production, drilling and asset management. His last roles at Unocal were Asset Manager for the MidContinent Region and Asset Manager for Deepwater Gulf of Mexico. Mr. Quintana brings 41 years of experience in various aspects of the oil and gas exploration and production industry, including strong experience in upstream operations, a deep understanding of drilling and asset management technologies, and broad human resources management skills and experience. He is a member of the Board of Directors of SM Energy since July 2006, a member of the Board of Directors of Newmont Mining since October 2015, Chairman of the Board of Basic Energy Services and member of the Board of Directors since December 2016. Mr. Quintana has a degree in Mechanical Engineering from The University of Southern California and is a Licensed Petroleum Engineer in California.

William B. Roby

Since 2015, Mr. Roby, 60, has served as the Chief Executive Officer of Shepherd Energy, LLC. From 2013 to 2014, he acted as Chief Operating Officer of Sheridan Production Company, LLC. From 2000 to 2013, he held a number of U.S. and international management positions with Occidental Petroleum Corporation, most recently as Senior Vice President, Worldwide Operations and Production/Facility Engineering. Prior to his work at Occidental, he was Vice President of Operations of Altura Energy Ltd., a joint venture between Shell Oil Company and Amoco Corporation in the Permian Basin, following 15 years of various managerial and engineering roles with Shell Oil. Mr. Roby has served as a member of the Board of Directors of the international E&P firm Vermilion Energy Inc. since 2017. He has a bachelor's degree in mechanical engineering from Louisiana State University.

Brian Steck

Mr. Steck, 53, served as a Partner, Senior Analyst at Mangrove Partners where he worked from 2011 until August 2020. Through early 2011, Mr. Steck managed The Laurel Capital Group, LLC, the general partner of a hedge fund he founded in 2009. From 2006 until 2008, Mr. Steck was Head of US Equities at Tisbury Capital Management LLP where he built and managed a team focused on event- and fundamentally-driven investment opportunities. From 2000 until 2005, Mr. Steck was a partner at K Capital LLC where he focused on European and U.S. opportunities that included special situations, merger arbitrage, deep value and shareholder activism. Prior to K Capital, Mr. Steck spent 10 years at UBS Group AG and its predecessors Swiss Bank Corporation and O'Connor & Associates, where he focused on equity derivative trading and risk management, built equity derivative and event-driven client businesses and was Global Co-Head of Equity Hedge Fund Coverage. Mr. Steck serves as Chairman of the Board of Bonanza Creek Energy, Inc. and previously served on the Board of Directors of Penn Virginia Corporation. Mr. Steck received a B.S., with highest honors, from University of Illinois at Urbana Champaign.

Todd A. Stevens

Mr. Stevens, 53, was appointed President, Chief Executive Officer and a Director of CRC in 2014. Mr. Stevens served as Vice President—Corporate Development of Occidental Petroleum Corporation from 2012 to 2014, as Vice President—California Operations, Oxy Oil & Gas from 2008 to 2012, and as Vice President—Acquisitions and Corporate Finance of Occidental from 2004 to 2012. Mr. Stevens brings 25 years of experience in various aspects of the oil and gas exploration and production industry, including strong experience in business development, capital allocation, capital efficiency, mergers and acquisitions, upstream operations, marketing and human resources management. He also serves on the Board of Directors of the Western States Petroleum Association. Mr. Stevens holds an M.B.A. degree from the University of Southern California and a Bachelor of Science degree from the United States Military Academy.

Board Committees

The standing committees of the Board are comprised of non-employee directors and consist of an Audit Committee, a Compensation Committee and a Nominating and Governance Committee.

Effective as of the Effective Date, the Board appointed Messrs. Quintana and Roby and Ms. Cepak to serve as members of the Audit Committee. Ms. Cepak was appointed Chair of the Audit Committee.

Effective as of the Effective Date, the Board appointed Messrs. Chapman, Roby and Steck to serve as members of the Compensation Committee. Mr. Chapman was appointed Chair of the Compensation Committee.

Effective as of the Effective Date, the Board appointed Messrs. Brooks, Chapman and Steck to serve as members of the Nominating and Governance Committee. Mr. Steck was appointed Chair of the Nominating and Governance Committee.

The formation and composition of a Sustainability Committee will be addressed following emergence.

Arrangements for Selection of Certain Directors

Pursuant to the terms of the Plan and the Amended and Restated Restructuring Support Agreement, dated as of July 24, 2020, by and among the Company and the other parties thereto (“RSA”), the Board consists of (i) the chief executive officer of the Company; (ii) one director selected by Ares Management LLC and its affiliates (“Ares”) (who is not employed by or affiliated with Ares); (iii) one director selected by Fidelity (as defined in the RSA) (who is not employed by or affiliated with Fidelity); (iv) one director selected by GTAM (as defined in the RSA) (who is not employed by or affiliated with GTAM); and (v) the remaining directors selected by the Required Consenting Creditors (as defined in the RSA). Additionally, pursuant to the terms of the Plan, the Chair of the Board must (x) be an independent member of the Board, (y) not be employed by or affiliated with Ares, Fidelity, GTAM or the Company and (z) be selected by the Required Consenting Creditors.

In accordance with the terms of the Plan, Ares has selected Mr. Brooks to serve as a director, Fidelity has selected Mr. McFarland to serve as a director, and GTAM has selected Mr. Chapman to serve as a director, and the Required Consenting Creditors have selected Mr. Quintana, Mr. Roby, Mr. Steck and Ms. Cepak to serve as directors and Mr. McFarland to serve as the Board Chair.

Indemnification of Directors and Executive Officers

As of the Effective Date, the Company entered into indemnification agreements with each of its directors and executive officers. The indemnification agreements require the Company to (i) indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to the Company, and (ii) advance expenses, to the extent not prohibited by law, incurred in connection with any proceeding not initiated by the indemnitee as to which they could be indemnified. The Company may enter into indemnification agreements with any future directors or executive officers.

Each indemnification agreement is in substantially the form included herein as Exhibit 10.8. The description of the indemnification agreements does not purport to be complete and is qualified in its entirety by reference to the full text of the form of indemnification agreement, which is incorporated by reference herein.

Item 7.01 Regulation FD Disclosure.

As previously reported, on July 15, 2020 (the “Petition Date”), California Resources Corporation (“CRC” or the “Company”) and certain of its subsidiaries (collectively with the Company, the “Debtors”) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”) in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”). The Chapter 11 Cases are being jointly administered under the caption *In re California Resources Corporation, et al.*, No. 20-33568 (DRJ). The Debtors filed with the Bankruptcy Court, on July 24, 2020, the *Debtors’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* and, on October 8, 2020, the *Amended Debtors’ Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (as amended, modified or supplemented from time to time, the “Plan”).

On October 13, 2020, the Bankruptcy Court entered an order (the “Confirmation Order”), among other things, confirming the Plan. On October 27, 2020 (the “Effective Date”), the conditions to effectiveness of the Plan were satisfied or waived and the Company emerged from Chapter 11.

On the Effective Date, the Company issued a press release and investor presentation announcing the Company’s emergence from the Chapter 11 Cases. A copy of the press release and investor presentation are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are incorporated by reference herein.

The information disclosed in this Item 7.01, including Exhibit 99.1 and Exhibit 99.2, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such a filing.

Item 8.01 Other Events.

On October 22, 2020, the New York Stock Exchange (the “NYSE”) approved the listing of the New Common Stock (as such term is defined in the Plan) for trading on the NYSE. On the Effective Date, the Company filed a Form 8-A to register the New Common Stock under Section 12(b) of the Exchange Act. Trading in the New Common Stock is expected to commence on the NYSE on October 28, 2020 under the ticker “CRC”.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
<u>10.1</u>	<u>Form of Indemnification Agreement between the Company and its directors and executive officers.</u>
<u>99.1</u>	<u>Press Release, dated the Effective Date, issued by California Resources Corporation.</u>
<u>99.2</u>	<u>Investor Presentation, dated the Effective Date, issued by California Resources Corporation.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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.

California Resources Corporation

/s/ Roy Pineci

Name: Roy Pineci

Title: Senior Vice President

DATED: October 27, 2020

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“Agreement”) is made as of _____, __, 20__ by and between California Resources Corporation, a Delaware corporation (the “Company”), and _____ (“Indemnitee”). This Agreement supersedes and replaces any and all previous Agreements between the Company and Indemnitee covering the subject matter of this Agreement.

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the “Board”) has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Amended and Restated Bylaws of the Company (the “Bylaws”) require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the “DGCL”). The Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnatee thereunder;

WHEREAS, Indemnatee does not regard the protection available under the Bylaws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnatee to serve in such capacity. Indemnatee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified; and

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnatee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnatee agrees to serve as a director of the Company. Indemnatee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnatee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnatee. Indemnatee specifically acknowledges that Indemnatee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and the Indemnatee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnatee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director or officer of the Company, by the Certificate of Incorporation, the Company's Bylaws, and the DGCL. The foregoing notwithstanding, this Agreement shall continue in force after Indemnatee has ceased to serve as a director of the Company, as provided in Section 16 hereof.

Section 2. Definitions. As used in this Agreement:

(a) References to "agent" shall mean any person who is or was a director, officer, or employee of the Company or a subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

(b) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 2(b), the following terms shall have the following meanings:

(A) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(B) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) “Corporate Status” describes the status of a person who is or was a director, trustee, partner, managing member, manager, fiduciary, officer, employee or agent of the Company or of any other corporation, limited liability company, partnership or joint venture, trust or other enterprise which such person is or was serving at the request of the Company.

(d) “Disinterested Director” shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) “Enterprise” shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, manager, employee, agent or fiduciary.

(f) “Expenses” shall include all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with, or as a result of, prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a deponent or witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, (ii) expenses incurred in connection with recovery under any directors’ and officers’ liability insurance policies maintained by the Company, and (iii) for purposes of Section 14(d) only, Expenses incurred by or on behalf of Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee’s rights under this Agreement, the Certificate of Incorporation, the Bylaws or under any directors’ and officers’ liability insurance policies maintained by the Company, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee’s counsel as being reasonable shall be presumed conclusively to be reasonable. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) “Independent Counsel” shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(h) The term “Proceeding” shall include any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, regulatory or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the Indemnitee’s Corporate Status, by reason of any action taken by him (or a failure to take action by him) or of any action (or failure to act) on his part while acting pursuant to his Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. If the Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.

(i) Reference to “other enterprise” shall include employee benefit plans; references to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in manner “not opposed to the best interests of the Company” as referred to in this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines, penalties, amounts paid in settlement and other liability and loss suffered (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties, amounts paid in settlement and other liability and loss suffered) actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that his conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation, the Bylaws, vote of its stockholders or disinterested directors or applicable law.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines, penalties, amounts paid in settlement and other liability and loss (including all

interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties, amounts paid in settlement and other liability and loss suffered) actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnatee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses, judgments, fines, penalties, amounts paid in settlement and other liability and loss (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties, amounts paid in settlement and other liability and loss suffered) shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnatee shall have been finally adjudged by a court of competent jurisdiction (after the time for an appeal has expired) to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnatee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnatee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnatee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnatee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnatee against all Expenses actually and reasonably incurred by him or on his behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnatee is, by reason of his Corporate Status, a witness, is required to respond to discovery requests in any Proceeding or otherwise asked to participate in any Proceeding to which Indemnatee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

Section 7. Partial Indemnification. If Indemnatee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnatee for the portion thereof to which Indemnatee is entitled.

Section 8. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall indemnify Indemnatee to the fullest extent permitted by applicable law if Indemnatee, by reason of his Corporate Status, is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all

Expenses, judgments, fines, penalties, amounts paid in settlement and other liability and loss suffered (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties, amounts paid in settlement and other liability and loss suffered) actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 8(a), the meaning of the phrase “to the fullest extent permitted by applicable law” shall include, but not be limited to:

i. to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

ii. to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification payment in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) except as provided in Section 14(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) such payment arises in connection with any mandatory counterclaim or cross-claim or affirmative defense brought or raised by Indemnitee in

any Proceeding (or any part of any Proceeding), or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary (other than Section 14(d)), the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnatee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnatee, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnatee's ability to repay the Expenses and without regard to Indemnatee's ultimate entitlement to indemnification under the other provisions of this Agreement. In accordance with Section 14(d), advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnatee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Indemnatee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnatee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. This Section 10 shall not apply to any claim made by Indemnatee for which indemnity is excluded pursuant to Section 9.

Section 11. Procedure for Notification and Defense of Claim.

(a) Indemnatee shall notify the Company in writing of any matter with respect to which Indemnatee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnatee of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding, in each case, to the extent known to Indemnatee. To obtain indemnification under this Agreement, Indemnatee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnatee and is reasonably necessary to determine whether and to what extent Indemnatee is entitled to indemnification following the final disposition of such Proceeding. The omission by Indemnatee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnatee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnatee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnatee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnatee for indemnification pursuant to Section 11(a), a determination, if required by applicable law, with respect to Indemnatee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by

Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnatee; or (ii) if a Change in Control shall not have occurred, (A) if requested by Indemnatee, by Independent Counsel, a copy of which shall be delivered to Indemnatee, (B) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (D) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnatee or (E) if so directed by the Board, by the stockholders of the Company; and, if it is so determined that Indemnatee is entitled to indemnification, payment to Indemnatee shall be made within ten (10) days after such determination. Indemnatee shall cooperate with the person, persons or entity making such determination with respect to Indemnatee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnatee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnatee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnatee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnatee harmless therefrom. The Company promptly will advise Indemnatee in writing with respect to any determination that Indemnatee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) hereof, the Independent Counsel shall be selected as provided in this Section 12(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnatee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnatee (unless Indemnatee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnatee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnatee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company or to Indemnatee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnatee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnatee may petition the Delaware Court for resolution of any objection which shall have been made by the Company or Indemnatee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom all objections are so resolved

or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnatee is entitled to indemnification under this Agreement if Indemnatee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnatee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnatee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnatee has not met the applicable standard of conduct.

(b) Subject to Section 14(e), if the person, persons or entity empowered or selected under Section 12 of this Agreement to determine whether Indemnatee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnatee shall be entitled to such indemnification, absent (i) a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 13(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent,

shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnatee to indemnification or create a presumption that Indemnatee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnatee had reasonable cause to believe that his conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnatee shall be deemed to have acted in good faith if Indemnatee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnatee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 13(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnatee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnatee for purposes of determining the right to indemnification under this Agreement.

Section 14. Remedies of Indemnatee.

(a) Subject to Section 14(e), in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnatee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6 or 7 or the last sentence of Section 12(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3, 4 or 8 of this Agreement is not made within ten (10) days after a determination has been made that Indemnatee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnatee the benefits provided or intended to be provided to the Indemnatee hereunder, Indemnatee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnatee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnatee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnatee first has the right to commence such proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnatee to enforce his rights under Section 5 of this Agreement. The Company shall not oppose Indemnatee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnatee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnatee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company shall have the burden of proving Indemnatee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnatee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by law, the Indemnatee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnatee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnatee hereunder. The Company shall, to the fullest extent permitted by law, indemnify Indemnatee against any and all Expenses and, if requested by Indemnatee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnatee, which are incurred by Indemnatee in connection with any action brought by Indemnatee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company if, in the case of indemnification, Indemnatee is wholly successful on the underlying claims; if Indemnatee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnatee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnatee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnatee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnatee under this Agreement in respect of any action taken or omitted by such Indemnatee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in

Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnatee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Enterprise, Indemnatee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnatee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnatee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnatee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnatee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnatee has actually received as indemnification or advancement of Expenses from such other corporation, limited liability company, partnership, joint venture, trust or other enterprise.

(f) The Company hereby acknowledges that Indemnatee may have certain rights to indemnification, advancement and insurance provided by one or more Persons with whom or which Indemnatee may be associated. The Company hereby acknowledges and agrees that (i) the Company shall be the indemnitor of first resort with respect to any Proceeding, Expense, liability or matter that is the subject of the Indemnity Obligations (as defined below), (ii) the Company shall be primarily liable for all Indemnity Obligations and any indemnification afforded to Indemnatee in respect of any Proceeding, Expense, liability or matter that is the subject of Indemnity Obligations, whether created by applicable law, organizational or constituent

documents, contract (including this Agreement) or otherwise, (iii) any obligation of any other Persons with whom or which Indemnatee may be associated to indemnify Indemnatee or advance Expenses or liabilities to Indemnatee in respect of any Proceeding shall be secondary to the obligations of the Company hereunder, (iv) the Company shall be required to indemnify Indemnatee and advance Expenses or liabilities to Indemnatee hereunder to the fullest extent provided herein without regard to any rights Indemnatee may have against any other Person with whom or which Indemnatee may be associated or insurer of any such Person and (v) the Company irrevocably waives, relinquishes and releases any other Person with whom or which Indemnatee may be associated from any claim of contribution, subrogation or any other recovery of any kind in respect of amounts paid by the Company hereunder. In the event any other Person with whom or which Indemnatee may be associated or their insurers advances or extinguishes any liability or loss which is the subject of any Indemnity Obligation owed by the Company or payable under any Company insurance policy, the payor shall have a right of subrogation against the Company or its insurer or insurers for all amounts so paid which would otherwise be payable by the Company or its insurer or insurers under this Agreement. In no event will payment of an Indemnity Obligation by any other Person with whom or which Indemnatee may be associated or their insurers affect the obligations of the Company hereunder or shift primary liability for any Indemnity Obligation to any other Person with whom or which Indemnatee may be associated. Any indemnification, insurance or advancement provided by any other Person with whom or which Indemnatee may be associated with respect to any liability arising as a result of Indemnatee's status as director, officer, employee or agent of the Company or capacity as an officer or director of any Person is specifically in excess over any Indemnity Obligation of the Company or valid and any collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company under this Agreement. As used herein, the term "Indemnity Obligations" shall mean all obligations of the Company to Indemnatee under the Certificate of Incorporation, the Bylaws, this Agreement or otherwise, including the Company's obligations to provide indemnification to Indemnatee and advance Expenses to Indemnatee under this Agreement.

Section 16. Duration of Agreement. This Agreement shall continue for so long as Indemnatee serves as a director, officer, employee, agent or fiduciary of the Company or, at the request of the Company, as a director, officer, partner, member, venturer, proprietor, trustee, employee, agent, fiduciary or similar functionary of another foreign or domestic corporation, partnership, limited liability company, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, and shall continue thereafter so long as Indemnatee shall be subject to any possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnatee pursuant to Section 14 of this Agreement) by reason of Indemnatee's Corporate Status, whether or not Indemnatee is acting in any such capacity at the time any liability or expense is incurred for which indemnification or advancement can be provided under this Agreement. The indemnification and advancement of expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnatee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and shall inure to the benefit of Indemnatee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 17. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 18. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnatee to serve as a director or officer of the Company, and the Company acknowledges that Indemnatee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnatee thereunder.

Section 19. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 20. Notice by Indemnatee. Indemnatee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnatee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnatee under this Agreement or otherwise.

Section 21. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed, (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received,

or (e) sent by e-mail, with receipt of written confirmation by e-mail that such transmission has been received:

(a) If to Indemnatee, at the address indicated on the signature page of this Agreement, or such other address as Indemnatee shall provide to the Company.

(b) If to the Company to

California Resources Corporation
27200 Tourney Road, Suite 315
Santa Clarita, CA 91355
Attention: General Counsel

or to any other address as may have been furnished to Indemnatee by the Company.

Section 22. Contribution.

(a) To the fullest extent permitted by law, whether or not the indemnification provided in this Agreement is available, in respect of any threatened, pending or completed action, suit or Proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such action, or Proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or Proceeding without requiring Indemnatee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have against Indemnatee. The Company shall not enter into any settlement of any action, suit or Proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such action, suit or Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnatee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnatee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or Proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such action, suit or Proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnatee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnatee, who are jointly liable with Indemnatee (or would be if joined in such action, suit or Proceeding), on the one hand, and Indemnatee, on the other hand, from the transaction or events from which such action, suit or Proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnatee who are jointly liable with Indemnatee (or would be if joined in such action, suit or Proceeding), on the one hand, and Indemnatee, on the other hand, in connection with the transaction or events that resulted in such Expenses, judgments, fines or settlement amounts, as well as any other equitable considerations that applicable law may require to be considered.

(c) The Company hereby agrees, to the fullest extent permitted by applicable law, to fully indemnify and hold Indemnatee harmless from any claims of contribution that may be

brought by officers, directors or employees of the Company, other than Indemnatee, who may be jointly liable with Indemnatee.

(d) To the fullest extent permissible under applicable law and without diminishing or impairing the obligations of the Company set forth in the preceding subparagraphs of this Section 22, if the indemnification provided for in this Agreement is unavailable to Indemnatee for any reason whatsoever, the Company, in lieu of indemnifying Indemnatee, shall contribute to the amount incurred by Indemnatee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnatee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnatee in connection with such event(s) and/or transaction(s).

(e) The relative fault of Indemnatee, on the one hand, and of the Company and any and all other parties (including officers and directors of the Company other than Indemnatee) who may be at fault with respect to such matter shall be determined (i) by reference to the relative fault of Indemnatee as determined by the court or other governmental agency assessing the contribution amounts or (ii) to the extent such court or other governmental agency does not apportion relative fault, by the Independent Counsel (or such other party that makes a determination under this Agreement) after giving effect to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary, the degree to which their conduct is active or passive, the degree of the knowledge, access to information, and opportunity to prevent or correct the subject matter of the Proceedings and other relevant equitable considerations of each party. The Company and Indemnatee agree that it would not be just and equitable if contribution pursuant to this Section 22 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 22.

Section 23. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnatee pursuant to Section 14(a) of this Agreement, the Company and Indemnatee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801 as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make,

any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 25. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

CALIFORNIA RESOURCES CORPORATION

By: _____

Name: Michael L. Preston

Office: Senior Executive Vice President,

General Counsel and Corporate

Secretary

INDEMNITEE

By: _____

Name:

Address:



NEWS RELEASE

For immediate release

California Resources Corporation Completes Financial Restructuring

- Trading of New Common Stock to Commence on NYSE on October 28, 2020
- Chapter 11 Restructuring Eliminates Pre-Existing Debt and Midstream JV Interests in Exchange for Equity
- CRC Emerges With a \$540 Million Revolving Credit Facility, \$300 Million of Secured Notes and \$200 Million of Second Lien Term Loan

Santa Clarita, California, October 27, 2020 – California Resources Corporation (NYSE: CRC) ("CRC" or the "Company") announced that it will today complete its financial restructuring and emerge from the bankruptcy process with a significantly stronger balance sheet. CRC's Joint Plan of Reorganization ("Plan") in its Chapter 11 case cancelled pre-existing debt, consolidated CRC's ownership in the Elk Hills power plant and cryogenic gas plant, and provided for the payment in full of all valid and undisputed trade and contingent claims in the ordinary course of business. Today, CRC will officially conclude its reorganization after completing all required actions and satisfying the remaining conditions of the Plan.

Todd Stevens, President and CEO of CRC, noted, "With the full support of our stakeholders and a much stronger balance sheet, the restructured CRC is well designed to withstand price cycles and continue delivering affordable, sustainable and reliable energy that is so essential to Californians. You can expect CRC to build upon the fundamental strengths of our business that provide us a high degree of operating flexibility, including our low-decline conventional oil production, low capital intensity, exposure to the Brent crude oil markets, substantial mineral ownership in fee, and integrated infrastructure. We believe the streamlined CRC and our commitment to disciplined capital allocation will serve as a strong foundation to deliver free cash flow. CRC is committed to fostering sustainable energy production to meet the future needs of all Californians. I would also like to thank our employees for their dedication, focus and effort to sustain our proven track record of safety, environmental stewardship and operational excellence during the restructuring process."

As previously reported, CRC entered into a Settlement and Assumption Agreement with certain affiliates of Ares Management L.P. ("Ares") related to CRC's and Ares' Elk Hills joint venture. Under this agreement, CRC acquired the equity interests of the joint venture and 100% ownership of the Elk Hills power plant and a cryogenic gas processing plant in exchange for approximately 20.8% of the new common stock in CRC and \$300 million of secured notes issued by EHP Midco Holding Company, LLC, a subsidiary of CRC. As a result, the joint venture's assets are now wholly owned by CRC.

Under the Plan approved by the bankruptcy court, approximately \$4.4 billion of loans and notes outstanding as of June 30, 2020 have been equitized. Additionally, all of the

Company's previously existing equity interests have been cancelled and ceased to exist after the market close on October 27, 2020. In connection with its emergence, shares of the Company's new common stock have been approved for listing on the New York Stock Exchange under the ticker symbol "CRC" and trading is expected to commence on October 28, 2020. At emergence, CRC will have approximately 83.3 million shares of new common stock issued and outstanding, which includes shares representing 32.5% of our new common stock issued to holders of loans and notes pursuant to the Plan, shares representing 45.7% of our new common stock issued in connection with a fully backstopped \$450 million rights offering that was fully subscribed and is effective upon emergence, as well as shares representing 20.8% of our new common stock issued in the Ares settlement described above. CRC also issued Tier 1 Warrants and Tier 2 Warrants (each as defined in the Plan) to acquire up to 2% and 3% of new common stock, respectively, at a "strike price" to be calculated using a \$3 billion aggregate equity value, which are valid for four years.

At emergence, CRC entered into a new revolving credit facility with a \$1.2 billion borrowing base and a commitment level of \$540 million. The facility matures on April 27, 2024. CRC has a net borrowed position of approximately \$37 million on the facility at emergence, which is net of unrestricted cash of \$70 million and \$118 million used to cash collateralize on an interim basis certain letters of credit outstanding under CRC's senior debtor-in-possession credit facility. CRC's capital structure also includes a \$200 million second lien term loan and \$300 million of secured notes due 2027 issued to Ares in connection with the Ares settlement described above. CRC is well-capitalized at emergence with over \$345 million of available liquidity.

New Capital Structure Summary

The following table shows CRC's principal amount of debt and mezzanine equity as of June 30, 2020 and at emergence:

Capital Structure (in Millions)	As of June 30, 2020	At Emergence
Debt:		
2014 Old Revolving Credit Facility	\$731	---
NEW Revolving Credit Facility	---	\$225*
2017 Term Loan	\$1,300	---
2016 Term Loan	\$1,000	---
NEW Second Lien Term Loan	---	\$200
8% Second Lien Notes due 2022	\$1,808	---
5.5% Unsecured Notes due 2021	\$100	---

Capital Structure (in Millions)	As of June 30, 2020	At Emergence
6% Unsecured Notes due 2024	\$144	---
NEW Secured Notes due 2027	---	\$300
Mezzanine Equity:		
Elk Hills Power Noncontrolling interest	\$827	---
Total Debt & Mezzanine Equity	\$5,910	\$725

(*) – Certain letters of credit outstanding under our senior debtor-in-possession facility have been cash-collateralized on an interim basis until transferred to our New Revolving Credit Facility. This interim cash collateralization resulted in \$118 million temporarily funded under the New Revolving Credit Facility. Excluding this amount, the balance outstanding on our New Revolving Credit Facility, net of unrestricted cash of \$70 million, would have been \$37 million.

Newly Appointed Board of Directors

In accordance with the Plan, CRC has a new Board of Directors ("Board") effective today. The new Board members are Chairperson Mark A. McFarland, Douglas E. Brooks, Tiffany (TJ) Thom Cepak, James N. Chapman, Julio M. Quintana, William B. Roby and Brian Steck. President and CEO Todd Stevens will also continue to serve as a director of CRC. The Board has standing Audit, Compensation, Nominating and Governance Committees. The formation and composition of a Sustainability Committee will be addressed following emergence.

Additional Information

Additional information regarding CRC's Chapter 11 filing is available at <https://investors.crc.com/Corporate-Restructuring-Information/default.aspx> and will be provided in a Form 8-K, which can be viewed on the Company's website at www.crc.com or the SEC's website at www.sec.gov. Copies of the signed orders and the full court docket for this case can be found online at <https://dm.epiq11.com/CaliforniaResources> and questions regarding the bankruptcy specifics should be directed to the Company's claim agent by emailing CRCinquiries@epiqglobal.com or by calling (855) 917-3506.

Forward-Looking Statement Disclosure

This release contains forward-looking statements that involve risks and uncertainties that could materially affect our expected results of operations, liquidity, cash flows and business prospects. Such statements include those regarding our expectations as to our future: financial position, liquidity, cash flows and results of operations; business prospects; transactions and projects; operating costs; operations and operational results including capital investment and expected VCI; and budgets.

Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. While we believe the assumptions or bases underlying our expectations are reasonable and make them in good faith, they almost always vary from actual results, sometimes materially. Factors (but not necessarily all the factors) that could cause results to differ include the factors discussed in "Risk Factors" in our Annual Report on Form 10-K available on our website at www.crc.com.

Words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "goal," "intend," "likely," "may," "might," "plan," "potential," "project," "seek," "should," "target," "will" or "would" and similar words that reflect the prospective nature of events or outcomes typically identify forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

About California Resources Corporation

California Resources Corporation is an independent exploration and production company and the largest producer of oil and natural gas in California. The Company operates its world class resource base exclusively within the State of California, applying complementary and integrated infrastructure to gather, process and market its production. Using advanced technology, California Resources Corporation focuses on safely and responsibly supplying affordable energy for California by Californians.

CRC Contacts:

Scott Espenshade (Investor Relations) Margita Thompson (Media)
(818) 661-6010 (818) 661-6005
Scott.Espenshade@crc.com Margita.Thompson@crc.com

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ENERGY FOR CALIFORNIA BY CALIFORNIANS

Emergence Presentation

October 27, 2020 | NYSE: CRC



Forward Looking / Cautionary Statements – Certain Terms

The information included herein contains forward-looking statements that involve risks and uncertainties that could materially affect our expected results of operations, liquidity, cash flows and business prospects. Such statements include those regarding our expectations as to our future:

- financial position, liquidity, cash flows and results of operations
- business prospects
- transactions and projects
- operating costs
- Value Creation Index (VCI) metrics, which are based on certain estimates including future production rates, costs and commodity prices
- operations and operational results including production, hedging and capital investment
- budgets and maintenance capital requirements
- reserves
- type curves
- expected synergies from acquisitions and joint ventures

Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. While we believe assumptions or bases underlying our expectations are reasonable and make them in good faith, they almost always vary from actual results, sometimes materially. We also believe third-party statements we cite are accurate but have not independently verified them and do not warrant their accuracy or completeness. Factors (but not necessarily all the factors) that could cause results to differ include:

- our ability to execute our business plan post-emergence
- the volatility of oil, natural gas and NGL prices
- commodity price changes, including extended periods of low oil, natural gas or NGL prices
- impact of our recent emergence from bankruptcy on our business and relationships
- debt limitations on our financial flexibility
- insufficient cash flow to fund planned investments or changes to our capital plan
- insufficient capital or liquidity, including as a result of lender restrictions, unavailability of capital markets or inability to attract potential investors
- limitations on transportation or storage capacity and the need to shut-in wells
- inability to enter into desirable transactions, including acquisitions, asset sales and joint ventures
- our ability to utilize our net operating loss carryforwards to reduce our income tax obligations
- our ability to attract and retain key personnel
- limitations on the liquidity of our new common stock and volatility of its market price
- legislative or regulatory changes, including those related to drilling, completion, well stimulation, operation, maintenance or abandonment of wells or facilities, managing energy, water, land, greenhouse gases or other emissions, protection of health, safety and the environment, or transportation, marketing and sale of our products
- joint ventures and acquisitions and our ability to achieve expected synergies
- the recoverability of resources and unexpected geologic conditions
- incorrect estimates of reserves and related future cash flows and the inability to replace reserves
- changes in business strategy
- PSC effects on production and unit production costs
- effect of stock price on costs associated with incentive compensation
- insufficient capital or liquidity, including as a result of lender restrictions, the unavailability of capital markets or inability to attract potential investors
- effects of hedging transactions
- equipment, service or labor price inflation or unavailability
- availability or timing of, or conditions imposed on, permits and approvals
- lower-than-expected production, reserves or resources from development projects, joint ventures or acquisitions, or higher-than-expected decline rates
- disruptions due to accidents, mechanical failures, power outages, transportation or storage constraints, natural disasters, labor difficulties, cyber-attacks or other catastrophic events
- pandemics, epidemics, outbreaks or other public health events such as the coronavirus disease (COVID-19)
- factors discussed in Item 1A, Risk Factors in CRC's Annual Report on Form 10-K available at www.crc.com.

Words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "goal," "intend," "likely," "may," "might," "plan," "potential," "project," "seek," "should," "target," "will" or "would" and similar words that reflect the prospective nature of events or outcomes typically identify forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

See the Investor Relations page at www.crc.com for additional information about 3P reserves and other hydrocarbon resource quantities, PV-10 and standardized measure, finding and development (F&D) costs, recycle ratio calculations, reserve replacement ratios, VCI, debt-adjusted shares calculations, drilling locations and reconciliations of non-GAAP measures to the closest GAAP equivalent.



CRC – New Foundation



“ Restructured CRC is well designed to withstand price cycles and continue delivering affordable, sustainable and reliable energy that is so essential to Californians. ”

– Todd Stevens, President & CEO

CRC'S SUSTAINABLE FOUNDATION IS EXPECTED TO DELIVER



Value Focus

- Consistent Shareholder Returns
- VCI Driven Projects
- Diversified & Broad Energy Portfolio

Sustainable Operational Excellence

- Record Safety Performance
- Consistent Focus on Controlling Costs
- Quality Portfolio Built on Technological Innovation

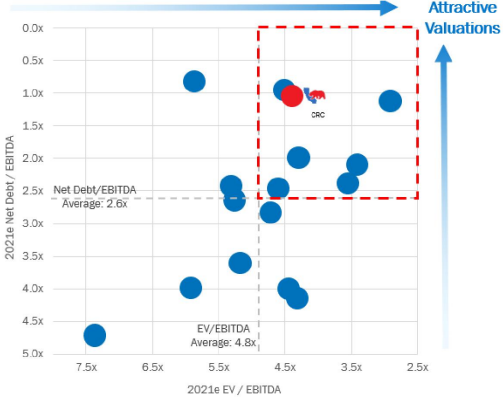
Strong Financial Fundamentals

- Solid Balance Sheet Metrics
- Disciplined Capital Allocation
- Margin Maximization to Deliver Free Cash Flow

ESG Leadership

- Culture Supports ESG Principles
- E&P Leading Sustainability Projects
- Foster and Emulate our Communities

ATTRACTIVE VALUATION METRICS ALONG WITH LOW LEVERAGE



Source: FactSet & Company Documents. Peers include COG, CPE, DEN, FANG, GPOR, MTRD, MUR, PDCE, PE, QEP, RRC, SWN, WLL, WPX and XEC. Consensus estimates as of 10/1/20. Note: CRC's most recent net debt is \$37.7mm outstanding on RBL (not including \$115 million drawn to cash collateralize certain LGS) + \$300mm Asset Secured Notes + \$200mm 2nd Lien Structure for total net debt of \$53.7mm. Metrics reflect company estimates established in the most recent RSA found at <https://dm.epa11.com/case/californiasources/documents>. CRC estimates based on Brent strip pricing as of 7/23/20 of \$45.81 per barrel for 2021 and NYMEX pricing of \$2.69 per mcf for 2021. Free cash flow is calculated as operating cash flow less capex.

Streamlined CRC + Strong Underlying Assets to Drive FCF Generation



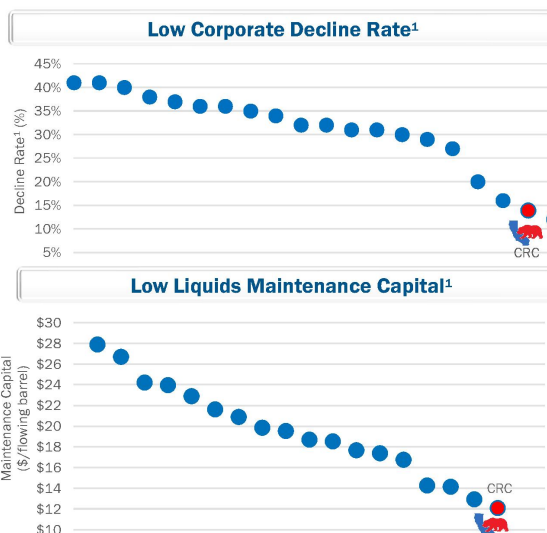
Targeting 1x Leverage
Fixed charges of
~\$52 MM



Cost Structure Revamped
for Current Prices and
Disciplined Capital
Investment while
Supporting ESG Initiatives
to Deliver Value



Annual G&A and OPEX
Savings of ~\$200MM



¹ 5-year decline rates; peers include: CLR, COG, CPE, DEN, EOG, FANG, HES, MRO, MUR, NBL, PDC, PE, QEP, RRC, SM, SWN, WLL, WPX and XEC.

Source: Enervus, Company Documents, CRC

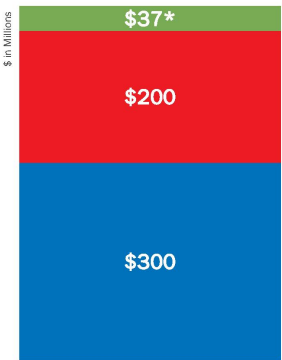
NYSE: CRC | Emergence Deck | 4

CRC's Revamped Balance Sheet Reflects a Cross-Over Credit

Net Debt at Emergence

October 27, 2020

\$537 Million



■ EHP Secured Notes ■ 2L Term Loan ■ Revolving Credit Facility

-   **Simplified Balance Sheet** with a target of 1x leverage
-   **Ample liquidity** with \$540 million RBL on a \$1.2 billion Borrowing Base
-   **Sufficient interest coverage** from operational cash flow and large and diverse asset base imply near investment grade credit



* - Net of unrestricted cash of approximately \$70 million and not including \$118 million used to cash collateralize on an interim basis certain letters of credit.

CRC's New Board of Directors

CRC is Dedicated to ESG Leadership

Environmental

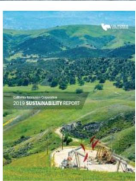


CRC's 2030 Sustainability Goals align with California's landmark goals as a signatory of the Paris Climate Accord

CRC **methane emissions declined by ~63%** since 2013

CRC **continues to serve the State as a net water supplier** by extensively reusing, recycling and reclaiming produced water





Social



Safety performance continues to surpass Industry and National metrics as CRC received 24 National Safety Achievement Awards

Our Diversity & Gender metrics reflect our consistent focus on strengthening our organization

CRC provided **in excess of \$9 million** over the past **3 years** to local communities, organizations and charitable foundations



Governance



CRC's new Board of experienced, Independent Directors from diverse backgrounds will build on CRC's exemplary ESG performance

CRC's 2020 **compensation metrics include specific ESG targets for safety, environmental stewardship, water conservation and sustainability project milestones**

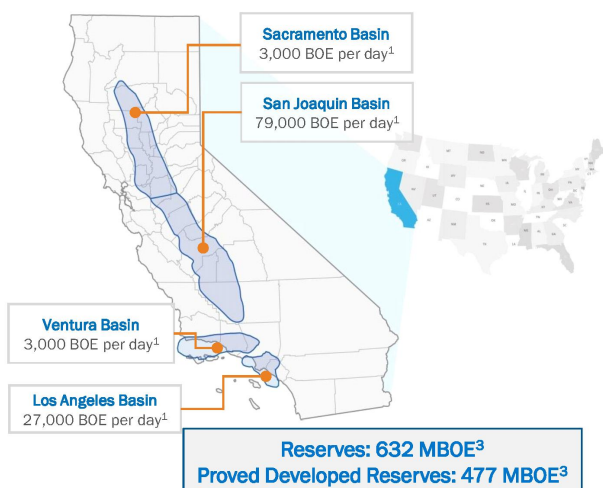
CRC is constructively engaged in California's development of legislation, regulation and energy policy



Attained **CDP's highest 2019 climate disclosure ranking** among all U.S. oil and gas companies with an A-, tying for first with one other U.S.-based E&P

For additional information please refer to CRC's Sustainability Report which references both Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) standards at crc.com/sustainability.

California's Leading Energy Producer with an Integrated Business Model



Largest Oil & Gas Producer in the State²

- **Largest privately-held mineral acreage position in CA**
- Predominantly owned and operated asset base allows for significant control
- **Decades of development opportunities remain with ~70% of acreage undeveloped**
- Asset diversity provides high-return development projects through price cycles
- **Lowest base decline rate and top price realizations** leading the industry

Integrated Midstream, Power and Water Infrastructure

- **Largest Natural Gas Processing System in CA**
- **Elk Hills Power Plant is one of the largest natural gas power plants in California**
- Water and Steam Infrastructure helps reduce OPEX costs
- Gathering Systems provide access to multiple outlets which helps improve pricing
- Oil and NGL Storage helps avoid field shutdowns

Portfolio of Sustainable & Renewable Projects

- **Industry leading Carbon Capture and Sequestration Project at Elk Hills Power Plant**
- **Solar** – CRC has Power Purchase Agreements for ~40 MW behind-the-meter solar and 2-MW carport solar in development



¹ CRC net production based on Avg. 2020. ² Based on gross production as of YE19. ³ Based on 7/31/20 strip pricing with Brent prices for 2020, 2021, 2022, 2023 and 2024 of \$44.17, \$45.81, \$47.83, \$49.52, \$50.86 per barrel, respectively, and NYMEX prices for 2020, 2021, 2022, 2023 and 2024 of \$2.03, \$2.69, \$2.53, \$2.47 and \$2.52 per MMBTU, respectively.

NYSE: CRC | Emergence Deck | 8

CRC Supplies Essential California Energy

ECONOMY

- World's 5th largest economy and biggest contributor to domestic GDP is the second-largest energy consuming state and consumes ~2% of the world's daily crude oil production
- In-state production provides critical state, county and city revenues
- Energy inequality reflected in highest poverty rate in wealthiest state

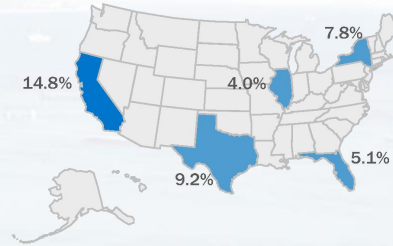
ENERGY

- The State is an energy island importing ~70% of its crude consumption, ~90% of its natural gas and ~30% of its electricity needs
- California accounted for ~11% of total US gasoline consumption and ~19% of total US jet fuel consumption¹
- In-state produced energy helps California combat climate related challenges, mitigate global and local supply disruptions and provide base load power

ENVIRONMENT

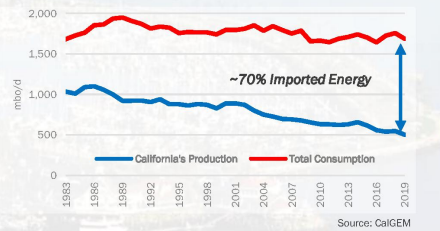
- In-state produced energy meets the most stringent environmental regulations in the world
- Imported energy does not apply California's safety, labor, human rights and environmental standards
- Industry leading CCS Project and renewable expansions will help California achieve its Carbon Neutrality Goals as a signatory to the Paris Accord

CALIFORNIA IS THE LARGEST U.S. GDP CONTRIBUTOR



Note: 5 largest contributors to domestic GDP Source: BEA, Data from 4Q19

CALIFORNIA IS DEPENDENT ON ENERGY IMPORTS



Source: CalGEM



Source: EIA, CalGEM, energy.ca.gov

¹Data reflects 2018, which is the most recently available data.

NYSE: CRC | Emergence Deck | 9

CRC's Stable Foundation Supports Sustainable Value Growth



Portfolio of world-class assets investable throughout the commodity cycle



Disciplined capital allocation in a robust inventory of conventional low-decline projects to deliver FCF



Integrated and complementary infrastructure



ESG Focus with Stable and Sustainable Foundation

APPENDIX



CRC's Refreshed and Simplified Capital Structure

Net Debt at Emergence

October 27, 2020

\$537 Million



■ EHP Secured Notes ■ 2L Term Loan ■ Revolving Credit Facility

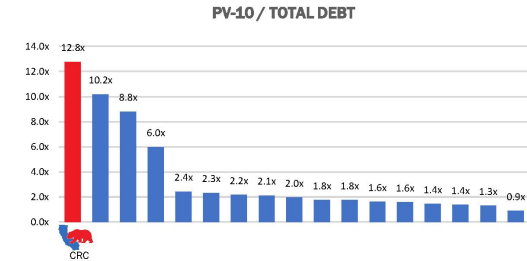
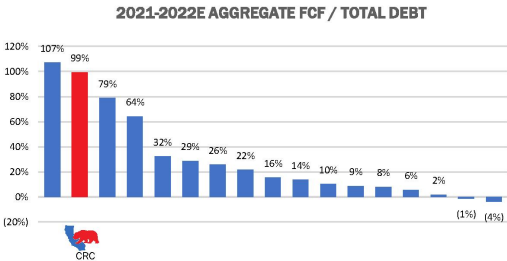
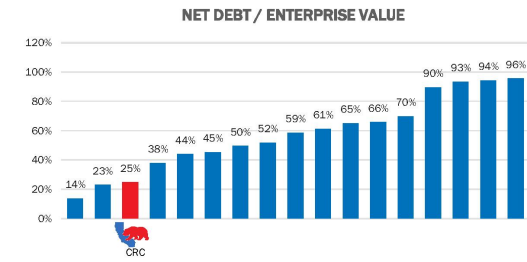
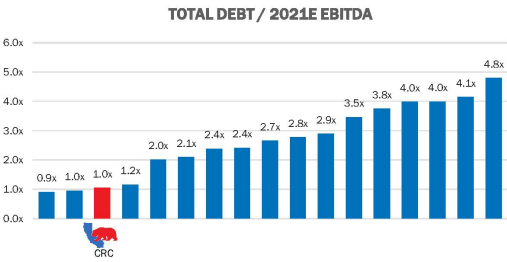
\$540 Million RBL Facility	• \$1.2 Billion Borrowing Base • Semi-annual redetermination starting in April, 2021 • Cash interest of L+3.0% - L+4.0% based on utilization with 1.0% LIBOR floor • Term: 3.5 years • Covenants: ▪ Leverage Ratio: Less than or equal to 3.0x ▪ Current Ratio: Greater than or equal to 1.00x
\$200 Million 2nd Lien Term Loan due 2025	• Cash interest of L+9.0% or PIK interest of L+10.50% for two years then L+9.0% with 1.0% LIBOR floor
Elk Hills Power \$300 Million Secured Notes due 2027	• Cash interest rate of 6.0% in years 1 – 4; 7.0% in year 5; 8.0% thereafter
Equity	• 83.3 million shares issued • Tier 1 & 2 Warrants to acquire up to 2% & 3% of CRC Common Stock, respectively, at a "strike price" to be calculated using a \$3 billion aggregate equity value



* - Net of unrestricted cash of approximately \$70 million and not including \$118 million used to cash collateralize on an interim basis certain letters of credit.

NYSE: CRC | Emergence Deck | 12

CRC Has Peer-Leading Debt Metrics



Source: FactSet, Company Documents; Peers include COG, CPE, DEN, FANG, GPOR, MTD, MUR, PDCE, PE, QEP, RRC, SM, SWN, WLL, WPX and XEC; Peer estimates based on FactSet consensus as of 10/6/20. FCF calculated as Net Operating CF less CAPEX. PV-10 estimates are as of 12/31/19 and based on SEC19 prices of \$63.15 per barrel Brent / \$2.58 per MMBTU NYMEX. See the Investor Relations page at www.crc.com for details on how PV-10 is calculated.

Note: CRC post exit net debt is \$37 mm outstanding on RRA (not including \$118 million drawn to cash collateralize certain LCo1 + \$300mm Asset Secured Notes + \$200mm 2nd Lien Structure for total net debt of \$537mm. Metrics reflect company estimates established in the most recent RSA found at <https://dpm.epic11.com/case/californiasources/documents>.

CRC estimates based on Brent strip pricing as of 7/23/20 of \$45.81 and \$47.83 per barrel for 2021 and 2022, respectively, and NYMEX pricing of \$2.69 and \$2.53 per mcf for 2021 and 2022, respectively.



CRC's Realigned Management Team



Todd Stevens
President and Chief
Executive Officer



Michael Preston
Senior Executive Vice President,
Chief Administrative Officer and
General Counsel



Francisco Leon
Executive Vice President
and Chief Financial Officer



Shawn Kerns
Executive Vice President,
Operations and Engineering



Charlie Weiss
Executive Vice President,
Public Affairs



Darren Williams
Executive Vice President,
Exploration and Development

“CRC’s management team has superior experience operating in California and is well positioned to adapt to virtually any commodity environment, operational challenge or regulatory development. As a team, we have an intense focus on maintaining fiscal discipline, aligning our strategy, values and goals, and maximizing value no matter the commodity price.”

– Todd Stevens, President and CEO

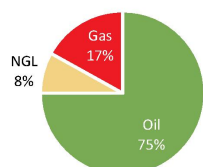


Reserves Summary: SEC 2019 and Strip Pricing

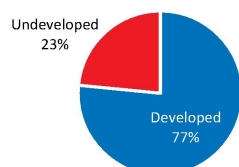
SEC YE 2019 Reserves	Oil (MMBbl)	NGLs (MMBbl)	Natural Gas (Bcf)	Total (MMBoe)
Proved developed reserves:	357	45	543	493
Proved undeveloped reserves:	126	7	111	151
Total proved reserves:	483	52	654	644
PV-10 (\$MM)				\$6,849

Business Plan Reserves - 7/31/2020 Strip	Oil (MMBbl)	NGLs (MMBbl)	Natural Gas (Bcf)	Total (MMBoe)
Proved developed reserves:	355	41	489	477
Proved undeveloped reserves:	114	12	174	155
Total proved reserves:	469	53	663	632
PV-10 (\$MM)				\$4,725

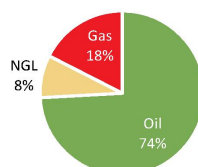
Volumes by Hydrocarbon



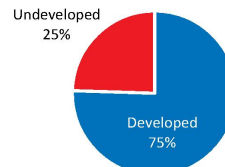
MMBoe by Reserve Class



Volumes by Hydrocarbon



MMBoe by Reserve Class



Notes: Business plan reserves contemplate a 12/1/2020 effective date. For our 2019 reserves estimates, the average benchmark Brent oil price was \$63.15 per barrel and the average NYMEX gas price was \$2.58 per MMBTU. The average realized prices used for our 2019 reserves were \$62.50 per barrel for oil, \$30.91 per barrel for NGLs and \$2.88 per mcf for natural gas. Our 7/31/20 reserve estimates are based on 7/31/20 Strip pricing with Brent prices for 2020, 2021, 2022, 2023 and 2024 of \$44.17, \$45.81, \$47.83, \$49.52, \$50.86 per barrel, respectively, and NYMEX prices for 2020, 2021, 2022, 2023 and 2024 of \$2.03, \$2.69, \$2.53, \$2.47 and \$2.52 per MMBTU, respectively.

Hedging Program Supports Cash Flows

CURRENT HEDGE PROTECTION



Strategy

CRC will hedge 75% of oil PDP volumes for years 1 & 2



Allocation

- 12.5% of total anticipated crude production hedges required to be swaps at strip pricing
- 37.5% of total anticipated crude production hedges must provide an effective floor price of no less than the lesser of (i) \$40 Brent and (ii) ICE Brent strip
- 25% of total anticipated crude production hedges may take any form of hedge



Execution

All the required hedges with respect to production through June 30, 2022 to be made within 30 days of the Closing Date, and the remainder within 45 days of the Closing Date with respect to all other production described above

		4Q20	1Q21	2Q21	July 2021
Sold Calls	Barrels per Day	4,800	4,500	4,500	4,200
	Weighted Average Price per Barrel	\$48.05	\$48.05	\$48.05	\$48.05
Purchased Puts	Barrels per Day	18,600	18,000	9,000	8,400
	Weighted Average Price per Barrel	\$44.84	\$45.00	\$40.00	\$40.00
Sold Puts	Barrels per Day	13,800	13,500	4,500	4,200
	Weighted Average Price per Barrel	\$36.52	\$36.67	\$30.00	\$30.00
Swaps	Barrels per Day	6,400	6,000	6,000	5,600
	Weighted Average Price per Barrel	\$44.75	\$44.75	\$44.75	\$44.75
Percentage Hedged Against 2Q20 Net Oil Production		36%	34%	21%	20%



Note: As of September 30, 2020, the BSP JV entered into crude oil derivatives that are included in our consolidated results but not in the above table.

NYSE: CRC | Emergence Deck | 16

Contact Us

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