

California Resources Corporation
FEIN 46-5670947
Attachment to Form 8937

Debt Instrument: Revolving Loan
Report of Organizational Actions Affecting Basis of Securities

Form 8937, Part II, Line 14

On September 24, 2014, California Resources Corporation (the "Issuer") and certain lenders (the "Lenders") entered into a credit agreement (the "Credit Agreement"), that provided for a term loan with a principal amount of \$1 billion and a revolving loan with commitments up to \$2.0 billion (the "Old Revolving Loan"). On November 17, 2017, the Issuer and the Lenders entered into the Seventh Amendment to the Credit Agreement (the "Amendment"). The Amendment, *inter alia*, effectively increased the margin on the Old Revolving Loan by 25 basis points. As a result of the Amendment, for U.S. federal income tax purposes, the Old Revolving Loan was deemed to be retired and reissued for a new revolving loan (the "New Revolving Loan"). The Issuer paid a \$3.75 million consent fee in connection with the Amendment.

At the time of the Amendment, the Old Revolving Loan had an outstanding balance of \$220 million.

Form 8937, Part II, Line 15

To the extent that the Old Revolving Loan and the New Revolving Loan constitute "securities" for purposes of the rules providing for tax-free recapitalizations ("Tax Securities"), the Amendment likely qualifies as a tax-free recapitalization. To the extent that either the Old Revolving Loan or the New Revolving Loan are not Tax Securities, the Amendment does not qualify as a tax-free recapitalization.

To the extent the Amendment is a tax-free recapitalization, each Lender's aggregate tax basis in the New Revolving Loan will generally equal such Lender's aggregate adjusted tax basis in the Old Revolving Loan immediately prior to the deemed exchange, less the cash delivered to the Lenders, and increased by any gain recognized.

To the extent the Amendment is not a tax-free recapitalization, each Lender will recognize gain or loss upon the deemed receipt of the New Revolving Loan and cash. In that event, each Lender's tax basis in its Old Revolving Loan will be extinguished and the Lender's tax basis in the New Revolving Loan will equal the fair market value thereof. In such case, each Lender's tax basis in its New Revolving Loan would equal the issue price (which serves as fair market value for this purpose) of the respective New Revolving Loan.

Lenders should consult their tax advisors to determine the tax consequences of the Amendment to them.

Form 8937, Part II, Line 16

To the extent that the Amendment is a tax-free recapitalization, Lender's aggregate tax basis in the New Revolving Loan will generally equal such Lender's aggregate tax basis in the Old Revolving Loan that

were deemed to be surrendered, less the cash delivered to the Lender, and increased by any gain recognized. Each Lender's aggregate tax basis in the Old Revolving Loan depends on circumstances specific to such Lender.

To the extent that the Amendment is not a tax-free recapitalization, a Lender's tax basis in the New Revolving Loan deemed to be received as a result of the Amendment will equal the fair market value thereof. In such case, each Lender's tax basis in its New Revolving Loan would equal the issue price (which serves as fair market value for this purpose) of the respective New Revolving Loan.

Lenders should consult their tax advisors to determine the tax consequences of the Amendment to them.

Form 8937, Part II, Line 17

Sections 354, 356, 358, 1001 and 1012.

Form 8937, Part II, Line 18

The Amendment generally should not result in a loss to Lenders to the extent the Amendment is a tax-free recapitalization. To the extent the Amendment is not a tax-free recapitalization, the Amendment may result in a loss to a Lender to the extent such Lender's tax basis in the Old Revolving Loan exceeds the fair market value of the New Revolving Loan and cash received.