

## **Spin-off of California Resources Corporation**

### **Initial Distribution on November 30, 2014**

Effective November 30, 2014, Occidental Petroleum (OXY) completed a spin-off of approximately 80.1 percent of the stock of California Resources Corporation (CRC), into an independent, publicly traded corporation. The spin-off was effectuated by way of a pro rata distribution of at least 80.1 percent of CRC's outstanding common stock to holders of OXY common stock as of the November 17, 2014 record date. Each OXY stockholder received 0.4 shares of CRC common stock for each share of OXY common stock held by such stockholder on the record date. The distribution of the CRC shares was made in book-entry form, which means that no physical share certificates were issued. No fractional shares of CRC common stock were issued. OXY shareholders who otherwise would have been entitled to a fractional share of CRC stock instead received the net cash proceeds of the sale of such fractional share.

### **Final Distribution on March 24, 2016**

On March 24, 2016, OXY made a pro rata distribution of 71,500,000 CRC shares to holders of OXY common stock as of the February 29, 2016 record date. Each OXY stockholder received 0.093618 shares of CRC common stock for each share of OXY common stock held by such stockholder on the record date. The distribution of the CRC shares was made in book-entry form, which means that no physical share certificates were issued. No fractional shares of CRC common stock were issued. OXY shareholders who otherwise would have been entitled to a fractional share of CRC stock instead received the net cash proceeds of the sale of such fractional share.

### **IRS Reporting**

In connection with the spin-off, OXY is providing certain information pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), including a general summary regarding the application of certain U.S. Federal income tax laws and regulations relating to the effects of OXY's distributions of the CRC stock on a stockholder's tax basis of OXY common stock and the allocation of tax basis between the common stock of OXY and CRC following the distributions.

As described below and in the IRS Forms 8937, an OXY stockholder who received CRC shares in the November 30, 2014 distribution or the March 24, 2016 distribution (or both) must allocate the stockholder's tax basis in their OXY shares between the OXY shares and the CRC shares that were received in the distribution. Because OXY distributed the CRC shares in two distributions on different dates, OXY prepared a separate IRS Form 8937 for each distribution. OXY stockholders who held their OXY shares on the record dates for both the November 30, 2014 distribution and the March 24, 2016 distribution should have received some CRC shares pursuant to both distributions. In such case, there may be different acceptable methods for allocating a portion of the OXY shareholder's tax basis in their OXY common stock to the CRC shares received in each of the distributions. One potential method is to make a separate allocation for the CRC shares received in each distribution by reference to the shares' respective fair market values on December 1, 2014 and on March 28, 2016. Thus, in such case an OXY shareholder's pre-distribution basis in their OXY common stock that is available for allocation to the CRC shares received pursuant to the March 24, 2016 distribution should reflect the prior allocation of a portion of the tax basis in OXY common stock to the CRC shares received pursuant to the November 30, 2014 distribution. The examples below and in the IRS Forms 8937 assume that a separate allocation of a shareholder's tax basis in OXY shares is made for each distribution based on the relative values at

the time of the distribution. If you held your OXY shares on both of the record dates, you are urged to consult your own tax advisor regarding the proper method of allocating your tax basis between your OXY shares and the CRC shares that you received.

[\[Click here\]](#) to view the IRS Form 8937 for the November 30, 2014 distribution from Occidental Petroleum's website.

[\[Click here\]](#) to view the IRS Form 8937 for the March 24, 2016 distribution from Occidental Petroleum's website.

The information set forth at this website and on the IRS Forms 8937 does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to any stockholder or any particular categories of stockholders. Neither Occidental Petroleum nor CRC provides tax advice to its stockholders. You are urged to consult your own tax advisor regarding the particular consequences of the spin-off to you, including the applicability and effect of all U.S. Federal, state and local and foreign tax laws.

**• How do I determine the cost basis for my Occidental Petroleum shares (OXY) and California Resources Corporation shares (CRC)?**

As described in the IRS Forms 8937, for U.S. tax purposes, the allocation of tax basis between shares of OXY common stock and CRC common stock is based on their relative fair market values (FMV) at the time of the distribution. There are several possible methods to determine the FMV of OXY and CRC common stock. Shareholders should consult with their tax advisors. One approach is to use the unadjusted averages of the high and low trading prices of OXY and CRC common stock on the New York Stock Exchange (NYSE) on the first day of regular trading after the distribution. Because the NYSE was closed on March 25, 2016, the first day of regular trading after the March 24, 2016 distribution was March 28, 2016.

In regard to the November 30, 2014 distribution, the unadjusted averages of the high and low trading prices were \$78.21 for OXY and \$7.06 for CRC on December 1, 2014. If this method is used, the pre-distribution tax basis in OXY shares would be allocated 96.515% to OXY shares and 3.485% to the CRC shares received in the November 30, 2014 distribution. See the example below which assumes pre-distribution tax basis of \$75 per share in 99 shares of OXY common stock:

	Number of Shares After Distribution	Average NYSE Trading Price on 12/1/14	Total FMV at 12/1/14	Percentage of Total FMV at 12/1/14	Allocated Tax Basis
OXY Common Stock	99	\$78.21	\$7,742.79	96.5150%	\$7,166.24 (96.515% of \$7,425)
CRC Common Stock	39	\$7.06	\$275.34	3.4322%	\$254.84 (3.4322% of \$7,425)
CRC Common Fractional Shares	.600	\$7.06	\$4.24	0.0528%	\$3.92 (0.0528% of \$7,425)
Total			\$8,022.37	100.00%	\$7,425.00

In regard to the March 24, 2016 distribution, the unadjusted averages of the high and low trading prices were \$68.24 for OXY and \$1.21 for CRC on March 28, 2016. If this method is used, the pre-distribution tax basis in OXY shares would be allocated 99.8343% to OXY shares and 0.1657% to the CRC shares received in the March 24, 2016 distribution. In the case of OXY stockholders who also held their OXY shares at the November 17, 2014 record date for the November 30, 2014 distribution, the pre-distribution tax basis in their OXY shares at the time of the March 24, 2016 distribution should reflect the prior allocation of a portion of their tax basis in the OXY shares to the CRC shares received pursuant to the November 30, 2014 distribution. The example below assumes that an OXY shareholder has a pre-distribution tax basis (after any allocation in connection with the November 30, 2014 distribution) of \$75 per share in 99 shares of OXY common stock:

	<b>Number of Shares Received/Held After the March 24, 2016 Distribution</b>	<b>Average NYSE Trading Price on 3/28/16</b>	<b>Total FMV at 3/28/16</b>	<b>Percentage of Total FMV at 3/28/16</b>	<b>Allocated Tax Basis</b>
OXY Common Stock	99	\$68.24	\$6,755.76	99.8343%	\$7,412.69 (99.8343% of \$7,425)
CRC Common Stock Received in the March 24, 2016 Distribution	9	\$1.21	\$10.89	0.1609%	\$11.95 (0.1609% of \$7,425)
CRC Common Fractional Shares Received in the March 24, 2016 Distribution	0.268182	\$1.21	\$0.32	0.0048%	\$0.36 (0.0048% of \$7,425)
Total			\$6,766.97	100.00%	\$7,425.00

You are not bound by the approach used in these examples, and there may be other reasonable approaches for determining the fair market values for allocating your basis between OXY and CRC common stock. Also, the examples provided above are illustrative and are being provided pursuant to Section 6045B of the Code and as a convenience to stockholders and their tax advisors.

**• What is the California Resources Corporation ticker symbol?**

California Resources Corporation trades under the ticker symbol “CRC” on the New York Stock Exchange.

**• Who should I contact about California Resources Corporation?**

Please visit California Resources Corporation <http://crc.com/investor-relations> for more information.

**• Who is the transfer agent for California Resources Corporation?**

The stock transfer agent and registrar for California Resources Corporation is American Stock Transfer and Trust Company, LLC – <http://www.amstock.com>. Please contact AST to review and manage your account, transfer shares, report lost or stolen certificates, or report a change of address.

## **Information for Canadian resident stockholders**

The *Income Tax Act* (Canada) (the “Canadian Tax Act”) provides that the distribution by a U.S. corporation of common shares of a subsidiary to shareholders resident in Canada can, in certain circumstances, qualify for tax-deferred treatment for Canadian income tax purposes. Absent this tax-deferred treatment, the distribution by a U.S. corporation of stock of a subsidiary to a Canadian-resident shareholder would generally be treated as a dividend for Canadian income tax purposes. One of the conditions for a shareholder resident in Canada to qualify for this treatment is that the U.S. corporation must file an application providing certain information with the Canada Revenue Agency (the “CRA”). Provided the corporation’s application is accepted by the CRA, the shareholder resident in Canada must file an election with the CRA to get the tax-deferred benefit.

### **Initial Distribution on November 30, 2014**

On November 30, 2014, Occidental Petroleum Corporation (“OPC”) spun-off its U.S. subsidiary, California Resources Corporation (“CRC”), by distributing shares of CRC common stock to the shareholders of OPC. OPC filed an application with the CRA to have the spin-off qualify as an eligible distribution under subsection 86.1(2) of the Canadian Tax Act. CRA has notified OPC that the November 30, 2014 distribution meets the requirements of paragraph 86.1(2)(e) of the Canadian Income Tax Act. CRA has added the spin-off of CRC to the list of eligible foreign spin-offs on its website at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/spnffs-eng.html>. Shareholders resident in Canada who wish to take advantage of the tax-deferred treatment may make an election under section 86.1 in respect of their receipt of CRC common stock in connection with the spin-off. This election is generally required to be made in the taxpayer’s income tax return for the taxation year in which the distribution of common shares occurred.

Information regarding the filing of the election may be found on the CRA website at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/cdnshrholders-eng.html>.

### **Final Distribution on March 24, 2016**

On March 24, 2016, OXY made a pro rata distribution of 71,500,000 CRC shares to holders of OXY common stock as of the February 29, 2016 record date. Each OXY stockholder received 0.093618 shares of CRC common stock for each share of OXY common stock held by such stockholder on the record date. OPC is filing an application with the CRA to have the distribution qualify as an eligible distribution under subsection 86.1(2) of the Canadian Tax Act. If the CRA accepts OPC’s application, the CRA will add the spin-off of CRC to the list of eligible foreign spin-offs on its website at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/spnffs-eng.html>. If the CRC distribution is accepted as an eligible foreign spin-off, shareholders resident in Canada who wish to take advantage of the tax-deferred treatment may make an election under section 86.1 in respect of their receipt of CRC common stock in connection with the spin-off. This election is generally required to be made in the taxpayer’s income tax return for the taxation year in which the distribution of common shares occurred.

Information regarding the filing of the election may be found on the CRA website at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/cdnshrholders-eng.html>.

### **Information for stockholders resident in Québec**

The *Taxation Act* (Québec) (the “Québec Tax Act”) provides that the distribution by a U.S. corporation of common shares of a subsidiary to shareholders resident in Québec can, in certain circumstances, qualify for tax-deferred treatment for Québec provincial tax purposes. Absent this tax-deferred treatment, the distribution by a U.S. corporation of stock of a subsidiary would generally be treated as a dividend for Québec provincial tax purposes. One of the conditions for a shareholder resident in Québec to qualify for this treatment is that the U.S. corporation must file an application providing certain information to Revenue Québec, in addition to filing an application at the federal level with the CRA (see above under “Information for Canadian-resident stockholders”). Provided such applications are accepted, the Québec shareholder must file a valid federal election under section 86.1 of the Canadian Tax Act in order to qualify for tax-deferred treatment, and must also provide the *Ministre du revenu du Québec* with the same information included in the federal election. For information regarding filing the federal election, please see above under “Information for Canadian-resident stockholders”.

**Note:** The information regarding the Canadian federal income tax consequences and the Québec provincial tax consequences of the spin-off presented here is for general reference only and does not constitute tax advice, nor does it purport to address all income tax considerations arising from the spin-off or those applicable to any particular shareholder. **Shareholders should consult their own tax advisors regarding the federal, foreign and provincial tax consequences of the spin-off as these consequences relate to their particular circumstances.**