

Short-Term Disability

Summary Plan Description



August 2016

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INTRODUCTION

The California Resources Corporation Short-Term Disability Plan (STD Plan or Plan) is designed to provide pay continuation if you are totally disabled* from performing your job because of illness or injury. This benefit is provided by CRC at no cost to you. The amount and duration of your benefits depend on your base pay and service with CRC, and on your compliance with the requirements of this Plan and all applicable absence management policies and procedures. The STD Plan may provide benefits for up to a maximum of 26 weeks.

ELIGIBILITY AND ENROLLMENT

Eligibility

You are eligible to participate in the STD Plan if you are a regular, full-time, nonbargaining hourly or salaried employee of California Resources Corporation or an affiliated company (CRC). For this purpose, "affiliated company" means any company in which 80 percent or more of the equity interest is owned by California Resources Corporation. Temporary employees are not eligible to participate. You are considered a full-time employee under the Plan if you are regularly scheduled to work at least 30 hours per week. Generally, you are eligible to participate if you are paid on a U.S. dollar payroll, are designated as eligible to participate by your employer, and do not participate in a similar type of employer-sponsored plan. If you are part of a collective bargaining group, you are eligible to participate in the STD Plan only if your negotiated bargaining agreement specifically provides for your participation.

Enrollment

If you are eligible, enrollment in the STD Plan is automatic. Your coverage begins once you report to work on your date of hire or the date you become an eligible employee. CRC pays the full cost of your STD coverage.

*CRC's use of the term "disabled" for purposes of describing and administering the STD Plan is not intended and does not constitute a representation that you are "disabled" as defined by the Americans with Disabilities Act nor for purposes of any other CRC benefit plan, program or policy.

STD BENEFITS

If you are an eligible employee who is totally disabled from performing your job because of a Qualified Disability, and you meet all of the requirements of the Plan, you will be eligible to receive STD benefits equal to 100% or 50% of your base pay for a maximum of 26 weeks as follows:

Length of Service	100% of Base Pay	50% of Base Pay
Less than 2 years	2 weeks	24 weeks
2 years but less than 3	4 weeks	22 weeks
3 years but less than 4	6 weeks	20 weeks
4 years but less than 5	8 weeks	18 weeks
5 years but less than 6	10 weeks	16 weeks
6 years but less than 7	12 weeks	14 weeks
7 years but less than 8	14 weeks	12 weeks
8 years but less than 9	16 weeks	10 weeks
9 years but less than 10	18 weeks	8 weeks
10 years but less than 11	20 weeks	6 weeks
11 years but less than 12	23 weeks	3 weeks
12 or more years	26 weeks	none

For purposes of calculating the STD benefit, your “base pay” is defined as your regular salary, straight time hourly wages, and regularly scheduled overtime, excluding bonuses, overtime, or additional forms of compensation. “Service” will be calculated based on your CRC service date (recorded and maintained by Human Resources) and will include service up to your first day of absence from work due to a Qualified Disability.

If you are unable to work because of an Occupational Qualified Disability and you meet all of the requirements of the Plan, you will receive 100 percent of your base pay for up to 26 weeks, regardless of your years of CRC service.

Any increase in base pay after the commencement of a Qualified Disability will be used to compute the STD benefit on and after the effective date of the base pay increase.

If you are absent from work for 40 or more total work hours due to the same or related Qualified Disability, STD benefits are payable retroactively to the first day you are absent from work.

For each period of Qualified Disability which is less than a full week, the amount of STD benefit payable will be prorated based on the hours missed of your regular work schedule.

Generally, any protected leaves of absence under a family or medical leave policy (e.g., FMLA) to which you might be entitled while receiving STD benefits will be considered to run concurrently with your receipt of STD benefits.

How STD Benefits Integrate with Other Sources of Income

The amount of your STD benefit payments will be reduced or offset dollar for dollar by any disability income you receive or are eligible to receive from other sources, including:

- Workers' compensation
- Any other CRC-sponsored disability program, other than individual disability income policies
- Any government-sponsored disability program
- Any primary Social Security disability benefits

If you are unable to work due to an illness or injury, you must apply for all other benefits, such as those listed above, for which you are eligible. Once you have applied for or you begin receiving benefit payments from any other source, you must notify Human Resources of the type and amount of benefit payments you are receiving or may become eligible to receive. CRC may offset your STD benefit for any government-sponsored disability benefits generally beginning no later than three weeks from your date of disability, even if such benefits have not yet been awarded.

If your payment has been reduced by an estimated amount, your payment may be further adjusted when CRC receives proof:

- Of the amount awarded; or
- That benefits have been denied and all appeals have been completed.

If your benefit payments from any other source, plus the benefit payments you receive from this STD Plan total more than 100 percent of your base pay, your STD Plan benefit payments will be reduced so that your total disability income is no greater than your base pay. In the event that your receipt of benefit payments from this STD Plan and from any other offsettable source or sources results in your receiving more than 100 percent of your base pay, CRC will offset future STD benefit payments until the amount that was overpaid has been recovered.

If you work for CRC on a part-time basis and your earnings plus your STD benefits are less than or equal to your base pay, the Plan will not further reduce your STD benefit. If you work on a part-time basis and your weekly earnings plus your STD benefits are more than 100% of your base pay, the Plan will reduce your STD benefit so that your earnings do not exceed 100% of your base pay.

You must repay the Plan for any overpayment. Consistent with applicable law, CRC may reduce or eliminate future payments instead of requiring repayment or CRC may collect the overpayment for the Plan by deducting it from any payments due to you from CRC, including any pay or other earnings.

The Plan will not recover more than the amount that was paid you.

The Plan has the right to recover any overpayments due to any error made in processing a claim or fraud. False claims for STD benefits may result in disciplinary action up to and including termination of employment.

DURATION OF BENEFIT PAYMENTS

STD benefits are payable on your regular payroll schedule. STD benefits are payable until the earliest occurrence of one of the following events:

- The date you return to active CRC employment;
- The date you no longer have a Qualified Disability;
- The date you fail to comply with any applicable absence management policies or procedures including failure to provide medical information required to certify the disability and medical care plan;
- The date you are medically able to return to work with restrictions and are offered an opportunity to do so, but you decline the offer;
- The date on which, for any reason, you cease to be eligible for STD benefits under the Plan;
- The date you terminate employment or retire under any one of CRC's retirement plans;
- The date on which you have received the maximum benefit (26 weeks of STD benefit payments) under the Plan in connection with any one Qualified Disability;
- The date you perform services for an employer (including self-employment), other than CRC, even if you were employed with the other employer prior to the date your disability was incurred; or
 - *Example: If you work at CRC and also have a job with a second employer, if you apply for and receive STD benefits under this Plan, you may not work for the other employer, even on a part-time basis, while you are receiving STD benefits. If CRC establishes that you were working for another employer while receiving STD benefits under this Plan, your STD benefits will cease retroactively to the first date you worked for the other employer while receiving STD benefits and CRC reserves the right to request repayment of such amounts.*
- The date the Plan is terminated or the date the Plan is amended to eliminate STD benefits.

SUCCESSIVE PERIODS OF DISABILITY

If you return to active CRC employment after receipt of STD benefits but work fewer than 90 calendar days, any subsequent Qualified Disability that is a result of the same or a related condition is considered one continuous disability and any remaining STD benefits will be payable as if you had not returned to work. However, you may be required to submit additional medical documentation regarding your medical condition.

For example, assume you receive STD benefits for 16 weeks and return to work but are able to work only 30 calendar days because of a recurrence of the same Qualified Disability or a related condition. In this case, you will have 10 weeks of STD benefits remaining under the Plan. You will not be eligible to begin a new 26-week payment period.

If you return to work after receiving STD benefits, work fewer than 90 calendar days and become eligible for STD benefits because of a subsequent Qualified Disability that is unrelated to the earlier Qualified Disability, you will be eligible for up to the full 26 weeks of STD benefits in connection with the subsequent Qualified Disability.

If you return to work after receiving STD benefits and work (or are on approved vacation or other paid leave such as jury duty, etc.) on a full-time basis on every scheduled work day during the next 90 calendar days, you will then be eligible for up to the full 26 weeks of STD benefits in connection with any subsequent Qualified Disability, even if the subsequent Qualified Disability is the result of the same or related condition of a previous Qualified Disability. You will not receive additional years of service toward STD benefits while you are receiving STD benefit payments.

If you do not return to work and you incur a new Qualified Disability while receiving STD benefits, it will be considered as part of the same disability period. You will not be eligible to begin a new 26-week payment period.

SEPARATE ELIGIBILITY REQUIREMENTS FOR STD BENEFITS AND LEAVES OF ABSENCE

Your eligibility for a leave of absence and your right to reinstatement, if any, is governed by the Family and Medical Leave Act (FMLA), applicable federal, state and local laws and any applicable CRC leave policies.

Your receipt of STD benefits under this Plan does not guarantee you any right to reinstatement. For example, if you are not eligible for a medical leave of absence or are unable to return to work once you have exhausted your available medical leave, you may still be eligible to receive STD benefits under this Plan. However, you would not be guaranteed any right to reinstatement and CRC reserves the right to replace you and terminate your employment. (In such circumstances, when you are medically able to return to work, you may apply for any open and available positions for which you are qualified.)

Similarly, even if you qualify for a medical leave of absence under a CRC policy and/or applicable law, you may not be eligible for STD benefits unless you independently provide all requested medical documentation and meet all of the requirements of this STD Plan, which requirements are sometimes more stringent than those required to qualify for a leave of absence.

NOTIFICATION PROCESS AND REQUIRED MEDICAL DOCUMENTATION

In the event that you are or will be unable to perform your job because of an illness or injury, you should contact your supervisor as soon as practicable and in accordance with any applicable absence management policy or procedure.

For purposes of this Plan, if your absence lasts, or you expect your absence to last, 3 or more days, you should call Human Resources no later than the 4th day, and you may be required to provide medical documentation. However, CRC may, at its discretion, require medical documentation in connection with any request for benefits under the Plan.

You should also notify Human Resources of any absences that may qualify under the Family and Medical Leave Act and/or related state and local laws.

Evidence of Disability

In order for CRC to confirm whether your absence is a Qualified Disability under the STD Plan, you are required to provide Objective Medical Evidence no later than 20 days from your date of disability.

Additional medical information requested by CRC must be received within 20 days of the request. You may also be requested to provide periodic follow-up statements at specified times, or upon request. In addition, CRC may require you to be examined (at its expense) by a doctor of its own choosing to determine your eligibility for STD benefits under the Plan. Failure to provide requested medical documentation or refusal to see any physician when requested to do so will result in discontinuation of your STD benefits. CRC shall determine, in its sole discretion, whether you are eligible to receive STD benefits under the Plan.

Notification of Absence

You are responsible for providing the following notifications. Failure to follow these notification steps may result in delay or denial of benefits.

- Promptly notify your supervisor when you must be absent from work and your expected return to work date, if known.
- If an impending disability qualifies as a serious health condition under FMLA and is expected to last 3 or more days, notify Human Resources and your supervisor.
- If your absence is expected to last more than 40 work hours, notify Human Resources no later than the 4th day of your absence.
- Keep Human Resources and your supervisor advised of your status during your absence.
- If your disability is not foreseeable, provide notice of the disability prior to the start of the next regularly scheduled work shift, unless such notice is not practicable.
- If an impending disability is foreseeable (e.g., planned surgery or birth of a child), provide at least 30 days' advance notice or, if not possible, as much notice as is practicable.

Return to Work

You must keep Human Resources informed about your plans to return, and confirm your actual return to work, in any capacity. In addition, you must follow your business unit procedures for return to work.

Generally, after an absence of more than 40 hours, your Physician will need to provide a return-to-work release before you may return to work with CRC.

How to File a Claim

Generally, if you have been or will be absent for more than 40 hours, you must notify Human Resources no later than the 4th day of your absence, unless you lack capacity to submit notice of a claim at that time. In addition, you must send CRC written proof of your claim no later than 20 days after your disability begins. If it is not possible to give proof within 20 days after your disability begins, additional time may be allowed at the discretion of CRC. If you do not provide notice of claim and documentation of a Qualified Disability by the required dates, STD benefits will be denied.

To file a claim, contact your Human Resources department and provide any requested information. You will be required to sign and return to Human Resources an authorization that allows CRC to obtain medical information from your attending physician(s). In addition, your physician will need to complete an Attending Physician Statement form. CRC may also periodically request that you send proof of continuing disability.

It is your responsibility to ensure your physician returns any requested information to CRC to complete your claim. You must pay any costs incurred to obtain and submit the information that is required by CRC.

CLAIM APPEAL PROCEDURES

If you believe that you did not receive a benefit to which you are entitled, you may file a written claim with the Plan sponsor at the following address stating all of the facts on which your claim is based:

Attn: Plan Sponsor, Short-Term Disability Plan
CRC Services, LLC
9200 Oakdale Avenue, 9th Floor
Los Angeles, CA 91311

Within 45 days following receipt of your initial claim, the Plan sponsor will:

- request any additional information needed to make a decision regarding the claim;
- pay benefits provided by the Plan; or
- send notification to you of a decision to deny the claim in whole or in part.

If the Plan sponsor needs more than 45 days to make a decision, a representative will notify you in writing within the initial 45-day period and explain why more time is required. An additional 30 days (for a total of 75 days) may be taken if the Plan sponsor sends this notice. The extension notice will explain the unresolved issues that prevent a decision on the claim and the additional information needed to resolve those issues. The extension notice will also include the date by which the Plan sponsor's decision will be sent.

If the Plan sponsor needs additional time beyond the first 30-day extension to make a decision, a representative will notify you in writing prior to the end of the first 30-day extension and explain why more time is required. An additional 30 days (for a total of 105 days) may be taken if the Plan sponsor sends this notice. The extension notice will explain the unresolved issues that prevent a decision on the claim and the additional information needed to resolve those issues. The extension notice will also include the date by which the Plan sponsor's decision will be sent.

If your claim is extended due to your failure to submit information necessary to decide your claim, the time for decision may be tolled from the date on which the notification of the extension is sent to you until the date the Plan sponsor receives a response to its request.

If the Plan sponsor denies your claim in whole or in part, you will receive written notice of the denial. The notice will provide the following:

- the specific reasons for the denial of the claim (including the facts upon which the denial is based) and reference to any pertinent Plan provisions on which the denial is based;
- if applicable, a description of any additional material or information necessary for you to complete the claim and an explanation of why such material is necessary; and
- an explanation of the claims review appeal procedure including the name and address of the person or committee to whom your appeal should be directed.

Within 180 days after you receive the notice of denial from the Plan sponsor, you may request a review of your claim by the California Resources Employee Benefits Committee

("Committee"). Your request must be in writing and must state the reason or reasons why you believe your claim should not have been denied. You should also include with your written request for an appeal any and all documents, materials, or other evidence which you believe supports your claim for benefits. Your request should be addressed to the Committee at the address of the Plan sponsor.

Generally, the Committee will give you written notice of its decision within 45 days of the date your request for review was received by the Committee. The time for final decision may be extended for one additional 45-day period provided that, prior to the extension, the Committee notifies you in writing that an extension is necessary due to special circumstances, identifies those circumstances and gives the date by which it expects to render its decision. If your claim is extended due to your failure to submit information necessary to decide your claim, the time for decision may be tolled from the date on which the notification of the extension is sent to you until the date the Plan sponsor receives a response to its request.

The Committee's notice of its decision will include specific reasons for its decision and specific references to the provisions of the Plan on which its decision is based. The decision of the Committee shall be final, conclusive, and binding on all employees, participants, and beneficiaries.

Legal Proceedings

Unless prohibited by applicable law, no legal action may be commenced prior to the completion of the benefits claims procedure described in this Summary Plan Description. In addition, no legal action may be commenced after the later of: (i) 180 days after receiving a written response of the Plan Administrator to an appeal or (ii) 365 days after a participant's initial notification of absence to the company.

WHEN COVERAGE ENDS

If your employment ceases for any reason, including retirement, termination, layoff resulting from a reduction in work force or death, or you are on any form of non-medical leave of absence, your coverage under the STD Plan will cease on your last day actively at work.

YOUR OTHER CRC BENEFITS WHILE YOU ARE RECEIVING STD BENEFITS

While you remain eligible to receive payments under the STD Plan, you will be covered under CRC's other benefit plans and programs as outlined below:

- **Medical Plan and Dental Plan** – If you are enrolled in the Medical Plan and/or the Dental Plan on your last day actively at work, coverage for you and your dependents will continue in accordance with plan terms provided that you continue to make the required monthly contributions.
- **Health Savings Accounts (HSAs)** – If you are contributing to an HSA, payroll deduction of contributions will continue unless you elect otherwise.
- **Flexible Spending Accounts (FSAs)** – If you are contributing to an FSA, payroll deduction of your contributions will continue.
- **Long-Term Disability (LTD) Plan** – Your coverage will continue. To avoid a lapse in income benefits, if your absence may last more than 26 weeks you should file a separate claim for LTD benefits with Prudential (the LTD insurance carrier) approximately 8 weeks before your STD benefits end. You can request an LTD claim form through CRC Benefits or Prudential.
- **Basic Life Insurance Plan** – Your coverage will continue.
- **Group Universal Life Insurance (GUL) Plan** – If you are a GUL Plan participant, your coverage will continue provided that you continue to pay the required monthly premiums directly to the GUL insurance carrier.
- **Accidental Death and Dismemberment (AD&D) Plan** – If you are an AD&D Plan participant, your coverage will continue provided that you continue to pay the required monthly premiums.
- **Occupational Accidental Death and Dismemberment (OAD&D) Plan** – Your coverage will continue only while you are actively at work.
- **Savings Plan** – You may continue to make contributions to your Savings Plan based on the monthly base earnings and any eligible annual bonus you receive. CRC will continue to make any applicable employer matching contributions.
- **Vacation** – You will continue to accrue vacation hours while you receive STD benefits. As needed, and with Human Resources approval, STD benefits which are being paid at 50% of base pay may be supplemented with your accrued but unused vacation hours, though not to exceed 100% of base pay.
- **Holidays** – You are not eligible to receive holiday pay for any day that you receive STD benefits. If a holiday occurs during the period you are receiving STD benefits, the holiday will not extend your STD period.

GENERAL INFORMATION

Your Rights as a Plan Participant

The Short-Term Disability Plan is not subject to ERISA and is governed by state law. If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain documents relating to the decision without charge and to appeal any denial, all within certain time schedules. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or Federal court. See Legal Proceedings.

Plan Documents

This benefit plan description is intended as the Plan document. The provisions of this document and any applicable contracts control the administration and operation of the Plan.

Discretionary Authority of Plan Administrator and Claims Administrator

The Plan sponsor has designated the Committee as the Plan Administrator and the Claims Administrator. The Committee has complete authority to review all denied claims for benefits under the Plan. The Plan Administrator has discretionary authority to determine who is eligible for coverage under the Plan and the Claims Administrator has discretionary authority to determine initial eligibility for benefits under the Plan. In exercising its fiduciary responsibilities, the Committee shall have discretionary authority to determine whether and to what extent covered Plan participants are eligible for benefits, and to construe disputed or doubtful Plan terms. The Committee shall be deemed to have properly exercised such authority unless it has abused its discretion hereunder by acting arbitrarily and capriciously.

No Guarantee of Employment

By adopting and maintaining the California Resources Corporation Short-Term Disability Plan for certain eligible employees, CRC has not entered into an employment contract with any employee. Nothing contained in the Plan documents or in this summary gives any employee the right to be employed by CRC or to interfere with CRC's right to discharge any employee at any time. Similarly, this Plan does not give CRC the right to require any employee to remain employed by CRC or to interfere with the employee's right to terminate employment with CRC at any time.

Future of the Plan and Plan Amendment

CRC expects and intends to continue this Plan, but does not guarantee any specific level of benefits or the continuation of any benefits during any periods of active employment, inactive employment, disability or retirement. Benefits are provided solely at CRC's discretion. CRC reserves the right, at any time or for any reason, through an action of the Vice President of Compensation and Benefits of California Resources Corporation, to suspend, withdraw, amend, modify, or terminate the Plan (including altering the amount you must pay for any benefit), in whole or in part. In the case of material change in this description of the Plan, such action will be evidenced by a written announcement to affected individuals.

Plan Administration

Plan Name	California Resources Corporation Short-Term Disability Plan
Employer Identification Number	46-5670947
Plan Administrator	California Resources Employee Benefits Committee
Plan Sponsor and Address for Legal Process	CRC Services, LLC 9200 Oakdale Avenue, 9 th Floor Los Angeles, California 91311 888-848-4754
Claim Administrator	California Resources Employee Benefits Committee
Plan Year Ends	December 31
Plan Type	Welfare Plan
Source of Funding	CRC General Assets

GLOSSARY

Following are definitions of the capitalized terms and phrases used throughout this document.

Appropriate Care

This means you personally visit a physician as frequently as is medically required, according to generally accepted medical standards, to effectively manage and treat your disabling condition(s) and you are receiving the most appropriate treatment and care, which conforms with generally accepted medical standards, for your disabling condition(s) by a physician whose specialty or experience is the most appropriate for your disabling condition(s) according to generally accepted medical standards.

Non-Qualified Disability

Any illness or injury that is:

- Intentionally self-inflicted; or
- Incurred as a result of elective cosmetic surgeries or procedures that are used primarily to change appearances*; or
- Incurred as a result of an act of war—either declared or undeclared, insurrection, rebellion, or participation in a riot; or
- Incurred during or resulting from the commission of a crime in which the employee is a perpetrator.

Objective Medical Evidence

A measurable abnormality which is evidenced by one or more standard medical diagnostic procedures including laboratory tests, physical examination findings, X-rays, MRIs, EEGs, ECGs, CAT scans or similar tests that support the presence of a disability or indicate a functional limitation. Objective Medical Evidence does not include Physician opinions based solely on the acceptance of subjective complaints (e.g. headache, fatigue, pain, nausea), age, transportation, local labor market and other non-medical factors. To be considered an abnormality, the test result must be clearly recognizable as out of the range of normal for a healthy population; the significance of the abnormality must be understood and accepted in the medical community.

Occupational Qualified Disability

A Qualified Disability that is finally adjudged to be work-related and compensable under the workers' compensation laws of the state in which you are employed.

Physician

This means:

- A person who is performing tasks that are within the limits of his or her medical license; and

*However, disabilities resulting from reconstructive surgery protected under federal law, or from complications of such surgeries, may be qualified.

- Is licensed to practice medicine and administer drugs or to perform surgery; or
- Has a doctoral degree in Psychology (Ph.D. or Psy.D.) whose primary practice is treating patients; or
- Is a legally qualified medical practitioner according to the laws and regulations of the governing jurisdiction.

A relative, including but not limited to, you, your spouse, or a child, sibling, or parent of you or your spouse will not be recognized as a Physician under the Plan.

Plan

“Plan” means the California Resources Corporation Short-Term Disability Plan, and as used in this Summary Plan Description, unless the context otherwise plainly requires, “Plan” further means the short-term disability benefits described here. Also, in this Summary Plan Description, “Plan” is used interchangeably with “STD Plan.”

Qualified Disability

An illness or injury:

- That prevents you from performing your job and requires your absence from work (the loss of a professional or occupational license or certification, in and of itself, does not meet the definition of Qualified Disability), and
- Which is supported by Objective Medical Evidence, and
- For which you are receiving Appropriate Care from a Physician, and
- For which you provide CRC with appropriate initial notification and ongoing documentation of your need for such absence in accordance with any absence management policy or procedure.