



TESORO CORPORATION

**GROUP LONG TERM  
DISABILITY PLAN**

**SUMMARY PLAN  
DESCRIPTION**

*As of January 1, 2017*

This Summary Plan Description (SPD) outlines the major features of the Tesoro Group Long Term Disability (LTD) Plan. If you have questions regarding your coverage under the Group LTD Plan, contact the Tesoro Benefit Center at (866) 787-6314.

This document describes the Tesoro Group LTD Plan as of January 1, 2017. This Plan is available to eligible Tesoro employees on the U.S. payroll. This information comprises the SPD of this Plan as required by the Employee Retirement Income Security Act of 1974 (ERISA).

This description doesn't cover every provision of the Plan. Some complex concepts may have been simplified or omitted in order to present a more understandable plan description. If this plan description is incomplete, or if there's any inconsistency between the information provided here and the official plan texts, the provisions of the official plan texts will prevail.

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*The Tesoro Group LTD Plan provides you financial protection if you are unable to work for an extended period due to a qualified illness or injury.*

## PARTICIPATION

You are eligible to participate in the LTD Plan upon hire if you're a regular, full-time employee of one of Tesoro Corporation's participating subsidiary companies. You will be considered a full-time employee if you are regularly scheduled to work at least thirty (30) hours each week.

If you are in a job covered by a collective bargaining agreement, you are not eligible for participation in this Plan unless the provisions are included or incorporated in your collective bargaining agreement.

## ENROLLMENT

If you are eligible to participate in the LTD Plan, you are automatically enrolled in the Plan as of your eligibility date. Your coverage will begin on your eligibility date as long as you are actively at work. If you are not at work on the day the coverage would otherwise begin, your coverage will begin on the day you return to active full-time work.

## COST

The Company pays the entire cost of benefits under the Group LTD Plan.

## ELIMINATION PERIOD

The elimination period is the period of consecutive days of disability or partial disability for which no benefit is payable. The elimination period for LTD benefits is 180 days.

## DEFINITION OF DISABILITY

### Disability or Disabled means:

- that during the elimination period and for the next 24 months of disability you, as a result of injury or sickness, are unable to perform the material and substantial duties of your own occupation<sup>1</sup>; and
- thereafter, you are unable to perform, with reasonable continuity, the material and substantial duties of any occupation<sup>2</sup>.

### Partial Disability or Partially Disabled means:

- you, as a result of injury or sickness, are unable to perform one or more, but not all, of the material and substantial duties of your own occupation or any occupation on an active employment or a part-time basis; or
- you, as a result of your injury or sickness, perform all of the material and substantial duties of your own occupation or any occupation on a part-time basis; and
- earn between 20.00% and 80.00% of your basic monthly earnings.

### Successive Periods of Disability means:

- a period of disability which is related or due to the same cause(s) as a prior disability for which a benefit was payable.

A successive period of disability will be treated as part of the prior disability if, after receiving disability benefits under this Plan, you return to your own occupation on an active employment basis for less than six continuous months and perform all the material and substantial duties of your own occupation. If you return to your own occupation on an active employment basis for six continuous months or more, your disability will be treated as a new period of disability and you must complete another elimination period. Proof of continued disability may be required by the Plan insurer.

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<sup>1</sup> Own occupation means your occupation that you were performing when your disability or partial disability began. For pilots, co-pilots and crewmembers of an aircraft, disability means the inability to perform the material and substantial duties of any occupation.

<sup>2</sup> Any occupation means any occupation that you are or become reasonably fitted by training, education, experience, age, physical and mental capacity.

## BENEFIT AMOUNT

If you become disabled and your claim for LTD benefits is approved by the Plan insurer, LTD benefits become payable after you have satisfied the elimination period (been continuously disabled for 180 days).

The LTD benefit is a monthly benefit equal to 60% (rounded to the nearest dollar) of your pre-disability base salary<sup>3</sup>, reduced by other income benefits and/or other income earnings. The monthly benefit received under the LTD Plan will normally be taxable income to you.

The maximum monthly LTD benefit under the Plan is \$10,000 per month. The minimum monthly benefit is \$100 or 10% of your gross monthly benefit, whichever is greater.

### Additional Benefits

#### Rehabilitation Incentive Benefit

You may receive an increased monthly benefit, if approved by the insurance carrier, for participating in a rehabilitation program. If you are eligible for a rehabilitation incentive benefit, your LTD benefit will be increased by 10.00%, while fully participating in the program. The increased benefit will begin on the first day of the month after the Plan insurer receives written proof of your full participation in the approved rehabilitation program. LTD benefits may be terminated if you fail to cooperate and fully participate in all phases of the rehabilitation plan and assessment.

#### Workplace Modification Benefit

If you are disabled or partially disabled and receiving an LTD benefit, an additional benefit may be payable to the Company for benefit for modifications to the workplace to accommodate your return to work or to assist in your remaining at work.

#### Work Incentive Benefit

If you are partially disabled, you may be able to receive partial disability benefits with a work incentive if you return to work after satisfying the elimination period and earn between 20% and 80% of your basic monthly earnings. For the first 24 months, the work incentive benefit will be an amount equal to your basic monthly earnings multiplied by the 60%, without any reductions from earnings. The work incentive benefit will only be reduced, if the monthly benefit payable plus any earnings exceed 100% of your basic monthly earnings. If the combined total is more, the monthly benefit will be reduced by the excess amount so that the monthly benefit plus your earnings does not exceed 100% of your basic monthly earnings.

Thereafter, to figure the amount of monthly benefit the formula (A divided by B) x C will be used.

A = Your basic monthly earnings minus your earnings received while partially disabled. This figure represents the amount of lost earnings.

B = Your basic monthly earnings.

C = The monthly benefit as figured in the disability provision of this Plan plus your earnings received while partially disabled, not including any cost of living adjustments, if applicable.

No disability benefits will be paid, and insurance will end if you are able to work under a modified work arrangement and you refuse to do so.

#### Survivor Benefit

If you die while LTD benefits are payable after disability had continued for 180 days, a lump sum equal to three (3) times your monthly LTD benefit will be payable to your eligible survivor or to your estate.

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<sup>3</sup> Base Salary is the salary or wage you would receive as a result of your normal work schedule, including scheduled overtime, but excluding unscheduled overtime.

## Benefit Reductions for Other Income Benefits and Earnings

Your monthly LTD benefit will be reduced by other income. Other income is benefits and/or earnings you receive (or are eligible to receive) while LTD benefits are payable.

### Other Income Benefits

- The amount for which you are eligible under:
  - Workers' or Workmen's Compensation Laws;
  - Occupational Disease Law;
  - Title 46, United States Code Section 688 (The Jones Act);
  - any work loss provision in mandatory "No-Fault" auto insurance;
  - Railroad Retirement Act;
  - any governmental compulsory benefit act or law; or
  - any other act or law of like intent.
- The amount of any disability benefits which you are eligible to receive under:
  - any other group insurance plan of the Company;
  - any governmental retirement system as a result of his employment with the Company; or
  - any individual disability income insurance plan where the premium is wholly or partially paid by the Company.
- The amount of benefits you receive under the Company's retirement plan as follows:
  - the amount of any disability benefits under a retirement plan, or retirement benefits under a retirement plan that you voluntarily elect to receive as retirement payment under the Company's retirement plan; and
  - the amount you receive as retirement payments when you reaches the later of age 62, or normal retirement age as defined in the Company's plan.
- The amount of disability and/or retirement benefits under the United States Social Security Act, the Canada Pension Plan, the Quebec Pension Plan, or any similar plan or act, which:
  - you receive or are eligible to receive; and
  - your spouse, child or children receive or are eligible to receive because of your disability; or
  - your spouse, child or children receive or are eligible to receive because of your eligibility for retirement benefits.
- Any amount you receive from any unemployment benefits.

### Other Income Earnings

- The amount of earnings you earn or receive from any form of employment, including severance; and
- Any amount you receive from any formal or informal sick leave or salary continuation plan(s).

Other income benefits, except retirement benefits, must be payable as a result of the same disability for which the Plan insurer pays a benefit. The sum of other income benefits and other income earnings will be deducted in accordance with the provisions of the plan.

## APPLYING FOR BENEFITS

After you have been disabled for approximately three (3) months, or possibly sooner if your condition warrants it, you should complete your application for LTD benefits. Your supervisor or HR Business Partner/Manager can help you initiate the process by contacting the Corporate Benefits Department. You will receive a letter from the Plan Insurer with instructions and the forms you and your attending physician will need to complete to file your LTD claim.

## MAXIMUM BENEFIT PERIOD

If you qualify, your LTD benefits will continue until the later of your Social Security Normal Retirement Age (SSNRA)\* or the Maximum Benefit Period described below:

<u>Age at Disability</u>	<u>Maximum Benefit Period</u>
Less than age 60	Greater of SSNRA* or to age 65 (but not less than 5 years)
Age 60	60 months
Age 61	48 months
Age 62	42 months
Age 63	36 months
Age 64	30 months
Age 65	24 months
Age 66	21 months
Age 67	18 months
Age 68	15 months
Age 69 and over	12 months

\*SSNRA means the Social Security Normal Retirement Age as figured by the 1983 amendment to the Social Security Act and any subsequent amendments and provides:

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
Before 1938	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 – 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and after	67

## OTHER BENEFIT ELIGIBILITY

While you are receiving LTD Plan benefits, you will also be eligible to continue participation in certain other Tesoro benefit programs. As long as you receive LTD payments, you will be eligible to participate in the Tesoro Group Health Plans, Group Life Insurance Plan and Group Accidental Death & Dismemberment Plan. Coverage continuation is subject to the terms of those plans and you are responsible for the normal employee portion of the cost. Your eligibility to continue these additional benefits under this provision will end if you do not provide the information required to process your LTD claim, if the Plan Insurer determines that you do not qualify for LTD benefits, if you do not pay for your normal portion of the cost or if your LTD benefits end in the future.

## EXCLUSIONS AND LIMITATIONS

The LTD Plan will not cover any disability due to:

- war, declared or undeclared, or any act of war;
- intentionally self-inflicted injuries, while sane or insane;
- active participation in a riot;
- the committing of or attempting to commit a felony or misdemeanor;
- cosmetic surgery unless such surgery is in connection with an injury or sickness sustained while you were covered under the Plan; or
- a gender change, including, but not limited to, any operation, drug therapy or any other procedure related to a gender change.

In addition, the Plan will not pay disability benefits for any period of incarceration in a penal or corrections institution.

### Pre-existing Conditions

The Plan will not cover any disability or partial Disability:

- which is caused or contributed to by, or results from, a pre-existing condition; and
- which begins in the first 12 months immediately after your effective date of coverage.

Pre-Existing Condition means a condition resulting from an injury or sickness for which you are diagnosed or received treatment within three months prior to your effective date of coverage.

### Mental Illness and/or Substance Abuse

If you are disabled due to alcohol, drug or substance abuse or addiction, your LTD benefits will not exceed a combined period of 24 months. If you are in a Hospital or Institution for Mental Illness and/or Substance Abuse at the end of the combined period of 24 months, the monthly benefit will be paid during the confinement. If you are not confined in a Hospital or Institution for Mental Illness and/or Substance Abuse, but are fully participating in an extended treatment plan for the condition that caused disability, the monthly benefit will be payable for up to a combined period of 36 months. In no event will the monthly benefit be payable beyond the maximum benefit period.

## EVENTS AFFECTING COVERAGE

### Disability

Your LTD insurance will continue without premium payments while you are disabled and receiving LTD benefits.

### Leave Of Absence

If you are on a Company approved leave of absence (unpaid), you may continue the LTD coverage you had when active employment ceased up to a maximum of six (6) months. Your cost for this coverage, if any, will be the same as for an active employee. You must make arrangements with the Corporate Benefits Department to pay any necessary contributions (if required) for the entire period of the leave, prior to going on leave.

Such coverage may be continued for a leave of absence taken under the Family and Medical Leave Act of 1993 (as amended). Continued coverage is subject to the same rules that would apply if you were an active employee.

### Reduction in Number of Hours Worked

If your regularly scheduled hours are reduced to less than thirty (30) hours per week, your coverage will end as of the date the schedule change is effective. If your regularly scheduled hours later increase to at least thirty (30) hours per week, you'll once again be eligible to participate in the LTD Plan.

## Labor Dispute

If you are a union member and absent from active work because of strike, lockout or other general work stoppage, you may continue the coverage in which you were enrolled when active employment ceased. Your cost for this coverage will be the entire premium paid by the Company for such insurance. You must make arrangements with the Corporate Benefits Department to pay your contributions. Your coverage will end on the earlier of the date you fail to make the required premium payment or the date you are absent from work for six (6) months. If less than 75% of the eligible employees fail to continue LTD coverage under this paragraph, the Plan Insurer providing this benefit may cancel your coverage as of any premium due date.

## Layoff or Termination of Employment

Your coverage ends when your employment terminates.

## Death

Coverage ends as of the date of your death.

## PLAN AMENDMENT OR TERMINATION

Tesoro expects to continue the employee benefits described in this section, but reserves the right to amend or discontinue any or all parts at any time and for any reason. In no event will you become entitled to any vested rights under this Plan.

## ADDITIONAL INFORMATION

The Plans that comprise your Benefits Package are part of the pay you receive from Tesoro for your contributions to the Company's continuing success. In addition to informing you about your employee benefits, this "Summary Plan Description" (SPD) is designed to meet disclosure requirements of a Federal law called the Employee Retirement Income Security Act of 1974 (ERISA). This SPD was written from the documents that legally govern the operations of the Plan. Although every attempt has been made to ensure that the SPD is accurate, the official documents will rule in case of any conflict in meaning.

## ERISA

In September 1974, the Employee Retirement Income Security Act (ERISA) was signed into law. The purpose of this law is to protect our rights as participants in employee benefit plans. Although the Tesoro Plans have always been written and administered to assure that each participant received his or her full benefits, we want you to be aware of the additional protection provided by this law. As a participant in this Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

### *Receive Information About Your Plan and Benefits*

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

### *Prudent Actions by Plan Fiduciaries*

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plans. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.



### *Enforce Your Rights*

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a State or Federal court. In addition, if you disagree with a Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court.

If it should happen that plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### *Assistance with Your Questions*

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

As Plan Sponsor, Tesoro Corporation prides itself on operating its Plans fairly and objectively and is also proud of its open lines of communication with its employees. If you have any questions about the information presented here, please contact the Corporate Benefits Department or your local HR Business Partner/Manager.

If you have any questions about your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor Management Services Administration, Department of Labor.

## **GENERAL CLAIMS PROCEDURE**

A participant or beneficiary who feels he or she is being denied any benefit or right provided under the Plans shall have the right to file a written claim with the Plan Administrator. All such claims shall be submitted on a form provided by the Plan Administrator, which shall be signed by the claimant and shall be considered filed on the date the claim is received by the Plan Administrator.

Upon the receipt of such a claim and in the event the claim is denied, the Plan Administrator shall, within a reasonable period of time, provide such claimant a written statement which shall be delivered or mailed to the claimant by certified or registered mail to the claimant's last known address and shall contain the following:

- The specific reason or reasons for the denial of benefits;
- A specific reference to the pertinent provisions of the Plan upon which the denial is based;
- A description of any additional material or information which is necessary;
- An explanation of the review procedures and the time limits that apply; and
- In the case of a plan providing disability benefits, a copy of the internal rules, guidelines, other protocols or similar criteria will be provided free on request following an adverse benefit determination.

Within 90 days (180 days in the case of a claim for disability benefits) after receipt of notice of denial of benefits as provided above, the claimant or authorized representative may request, in writing, to appear before the Plan Administrator for a review of the claim. In conducting its review, the Plan Administrator shall consider any written statement or other evidence presented by the claimant or authorized representative in support of the claim. The Plan Administrator will give the claimant and/or authorized representative reasonable access to all pertinent documents necessary for the preparation of the claim.

Within 60 days after receipt by the Plan Administrator of a written request for review of the claim, unless special circumstances require an extension of time for processing such request for review, but not later than 120 days after receipt of such request, the Plan Administrator shall notify the claimant of its decision by delivery or by certified or registered mail to the claimant's last known address. In the case of a claim for disability benefits, the notification of the Plan Administrator's decision shall be made not later than 45 days after receipt of the claim, unless special circumstances require an extension of time for processing such request for review, and such extension shall require a decision not later than 105 days after receipt of such request and following appropriate notice of extension (limited to two 30 day extensions).

The decision of the Plan Administrator shall be in writing and shall include the specific reasons for the decision presented in a manner calculated to be understood by the claimant and shall contain references to all relevant Plan provisions on which the decision was based. The decision of the Plan Administrator shall be final and conclusive.

In addition to the General Claims Procedure described above, the Plan Insurer may have specific requirements, which you will need to follow in filing your claim.

### **Future of the Plan**

Tesoro expects and intends to continue the employee benefits described in this SPD indefinitely, but reserves the right to amend or discontinue any or all parts at any time.

### **Interpretation of the Plan**

Only the Plan Administrator is authorized to make administrative interpretations of the Plan and will do so only in writing. You should not rely on any representation, whether oral or in writing, which another person may make concerning provisions of the Plan and your entitlements under them.

The Plan Insurer has authority to administer claims and to manage and interpret the Group Policy, consistent with the provisions of the Plan.

## **IMPORTANT FACTS ABOUT THE PLAN**

### **Plan Name**

The Tesoro Group Long Term Disability Plan is a Constituent Benefit Program of the Tesoro Corporation Omnibus Group Welfare Benefits Plan.

### **Plan Sponsor**

Tesoro Corporation  
19100 Ridgewood Parkway  
San Antonio, TX 78259  
(210) 828-8484

### **Plan Administrator**

Tesoro Employee Benefit Committee  
Tesoro Corporation  
19100 Ridgewood Parkway  
San Antonio, TX 78259

### **Plan Funding**

The plan is funded solely by employer contributions.

**Plan Insurer**

Liberty Mutual Insurance Group  
175 Berkeley Street  
Boston, MA 02117  
(800) 344-0197

**Other Employers Whose Employees Are Covered By the Plan**

Upon written request to the Plan Administrator, a complete list of the employers participating in the Plan will be provided.

**Agent for Service of Legal Process**

General Counsel  
Tesoro Corporation  
19100 Ridgewood Parkway  
San Antonio, TX 78259

*Note: Legal process may also be served upon the Plan Administrator.*

**Plan Type**

Welfare benefit plan.

**Plan Number**

The plan number is 501.

**Employer Identification Number (EIN)**

The EIN under which the documents and reports for this plan are filed with the U.S. Department of Labor is 95-0862768.

**Plan Year**

The plan year is a calendar year beginning January 1 and ending December 31.

**QUESTIONS**

If you have questions about your Tesoro employee benefits, contact the Tesoro Benefit Center at (866) 787-6314.