



TESORO CORPORATION

SHORT-TERM
DISABILITY PLAN

SUMMARY PLAN
DESCRIPTION

As of January 1, 2017

This summary plan description (SPD) outlines the major features of the Tesoro Short-Term Disability Plan. If you have questions regarding your coverage under the Tesoro Short-Term Disability Plan, contact the Tesoro Employee Service Center at 866-688-5465 or email the Corporate Benefits Department at satbenefits@tsocorp.com.

This document describes the Tesoro Short-Term Disability Plan (STD Plan) as of January 1, 2017. This STD Plan is available to eligible Tesoro employees on the U.S. payroll not employed in the States of California or Washington. This SPD doesn't cover every provision of the STD Plan. Some complex concepts may have been simplified or omitted in order to present a more understandable description of the STD Plan. The Company reserves the right to interpret and administer the Tesoro Short-Term Disability Plan consistent with its intent and provisions. The Tesoro Short-Term Disability Plan is not an employee benefit plan covered by ERISA. There are no formal documents for this benefit Plan.

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The Tesoro Short-Term Disability (STD) Plan provides you with short-term income protection when you are unable to work due to your own illness, injury or condition, or the illness, injury or condition of your dependent child.

PARTICIPATION

You are eligible to participate in the STD Plan if you're a regular full-time employee of one of Tesoro Corporation's subsidiary companies (Employers), and you are not employed in the states of California or Washington. 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 eligible, you are generally covered under the STD Plan as of your first day of employment. If you are not at work on the day the coverage would otherwise begin, your coverage will begin on the day you start (or return to) active full-time work. If you are in a job covered by a collective bargaining agreement, you are not eligible for participation in this STD Plan unless participation in this STD Plan is provided for in your collective bargaining agreement.

ENROLLMENT

You are automatically enrolled in the STD Plan as of the date you meet the eligibility requirements as described in **Participation** above. You are not required to complete an application to enroll in the STD Plan.

COST

The Company pays the entire cost of benefits under the STD Plan.

DEFINITION OF DISABILITY

Non-Occupational Disability

Non-occupational disability is a medically determinable injury, illness, or condition (other than an occupational disability) that prevents you from performing, for a temporary period of time, the material duties of your occupation for all Employers. This includes, but is not limited to:

- Absences from employment due to a medically determinable injury, illness, or condition suffered or incurred by a dependent child that prevents them from attending daycare or school or performing services for an employer for a temporary period of time;
- Physician-directed absences from active employment during a pregnancy and maternity leave.

Occupational Disability

Occupational disability is a medically determinable injury, illness or condition that you incur while performing services in active employment with an Employer and which results in your absence from employment.

NON-OCCUPATIONAL BENEFITS

Your short-term disability benefit for a qualifying non-occupational disability will be calculated based upon a percentage of your base salary. For these purposes, your base salary generally refers to wages payable for the performance of services in accordance with your normal work schedule, as in effect prior to the disability. The applicable percentage will be 50% or 100%, depending on the length of your absence and your length of service with the Employers at the time of the disability. If you are eligible for benefits at both the 100% and 50% levels, your benefits are paid based upon 100% of your base salary (full pay) until that benefit is exhausted, with the remainder of your accumulated benefit calculated based upon 50% of your base salary (half pay).

The maximum period of your short-term disability benefit for a non-occupational benefit is 26 weeks. Accordingly, your benefits for a subsequent qualifying non-occupational disability will be reduced by benefits previously paid under the STD Plan with respect to a non-occupational disability, unless you have satisfied a restoration period, as described below. Although the benefit amount is expressed in weeks in the following Schedule of Benefits, your accrued benefit and use of benefits may be administered in hours. The number of hours in a "week" is defined as the number of hours in your regular annual work schedule divided by 52.

Benefits are not available for any period you are eligible for Tesoro sick pay benefits, or any other mandated sick pay. Further, your period of disability benefits under this STD Plan will be reduced by any period of absence covered by Tesoro sick pay benefits, or other mandated sick pay.

Non-Occupational Benefit Schedule

<i>Length of Service</i>	<i>Full Pay</i>	<i>Half Pay</i>
Less than year	3 Weeks	0 Weeks
1 to 2 Years	3 Weeks	23 Weeks
2 to 3 Years	4 Weeks	22 Weeks
3 to 4 Years	6 Weeks	20 Weeks
4 to 5 Years	8 Weeks	18 Weeks
5 to 6 Years	10 Weeks	16 Weeks
6 to 7 Years	12 Weeks	14 Weeks
7 to 8 Years	14 Weeks	12 Weeks
8 to 9 Years	16 Weeks	10 Weeks
9 to 10 Years	18 Weeks	8 Weeks
10 to 11 Years	20 Weeks	6 Weeks
11 to 12 Years	22 Weeks	4 Weeks
12 to 13 Years	24 Weeks	2 Weeks
13 or more Years	26 Weeks	0 Weeks

Benefit Payment Schedule

Benefits under the STD Plan are not available until you have exhausted your Tesoro sick pay benefits with respect to the non-occupational disability. Except as provided hereunder, your short-term disability benefit payments start on the first date of your absence from active employment due to the covered disability (or, if applicable, the first day immediately following your exhaustion of Tesoro sick pay benefits) and end on the earlier of (a) when you return to work, (b) your termination of employment, or (c) when you have used up all weeks of STD benefits according to the Schedule above.

Care for a Dependent Child

The provisions of the STD Plan related to non-occupational disability are applicable to your absences resulting from the disability of a dependent child. A dependent child means your child under the age of 18, whether related by blood, marriage, domestic partnership (provided such domestic partnership has been established in accordance with Tesoro's policies and procedures), or guardianship to the participant, provided such child constitutes a "qualifying dependent" or "qualifying relative" of the participant (or, if applicable, his or her domestic partner).

Maternity Leave

The provisions of the STD Plan related to non-occupational disability are applicable to participant who is an expectant or new mother. The STD Plan provides the following benefit for absences in connection with the birth of a dependent child:

- Up to eight (8) weeks for a normal birth without complications for the mother; or
- Up to twelve (12) weeks for a cesarean birth or a birth with complications for the mother.

Restoration of Non-Occupational Benefits

If you receive benefits under the STD Plan for a non-occupational disability and you return to active employment for ninety (90) calendar days, your full benefit (as described in the Schedule above) under the STD Plan will be restored based on your years of service at the time you return to active employment. Absences due to holiday will count toward satisfaction of this 90-day period. Other absences, such as vacation, jury duty, bereavement, etc., will not count towards satisfaction of the restoration period. Note, this restoration provision is applicable to non-occupational STD benefits only.

OCCUPATIONAL BENEFITS

Your short-term disability benefit for a qualifying occupational disability will be calculated based upon a percentage of your base salary. For these purposes, your base salary generally refers to wages payable for the performance of services in accordance with your normal work schedule, as in effect prior to the disability. The applicable percentage will be 100% or 50%, depending on the length of your disability.

The maximum period of your short-term disability benefit for an occupational benefit is 52 weeks. If you suffer an occupational disability, benefits are first paid as 100% of your base salary for up to 26 weeks and then 50% of your base salary for up to an additional 26 weeks, regardless of your length of service.

Although the benefit amount is expressed in weeks, your benefit and use of benefits may be administered in hours. The number of hours in a “week” is defined as the number of hours in your regular annual work schedule divided by 52.

Benefits start on the first date of absence from work due to occupational disability and end on the earlier of (a) when you return to work, (b) your termination of employment, or (c) when you have used up all weeks of STD.

BENEFIT BANKS

Occupational and non-occupational benefit banks are independent of each other. Benefits for qualifying non-occupational disabilities are available exclusively from your non-occupational benefit bank. Similarly, benefits for qualifying occupational disabilities are only available from your occupational benefit bank.

ADMINISTRATIVE PROCEDURES

In order to qualify for benefits under the STD Plan, you must notify your supervisor of your disability as soon as possible. Once your absence has been properly reported, your supervisor will ensure that your STD absences are reported in the time reporting system. You will receive STD benefits as part of your regular payroll check process.

You must also, if requested, present evidence satisfactory to the Plan Administrator that your absence results from a covered disability and submit to a medical examination and/or obtain reasonable and customary care and treatment from a physician designated by the Plan Administrator. You are also required to obtain the prior written permission of the Plan Administrator before becoming self-employed or providing services to a third party in an income-producing capacity while receiving benefits under the Plan.

You are required to obtain a release from a physician before returning to active employment, with respect to any absence of four (4) work days or more. If your Employer offers you work duties that will allow you to return to active employment, on a full or reduced work schedule that meets your medical restrictions, you are required to accept such position as a condition to continued benefits under this STD Plan. Your benefits under the STD Plan will be reduced based on such new work schedule.

It is also your responsibility to provide, when requested, notices and reports that may be required by workers' compensation, state disability or similar laws.

Failure to follow these administrative procedures can result in immediate termination of your benefits under this STD Plan.

EXCLUSIONS AND LIMITATIONS

An illness, injury or condition is not a covered disability under this STD Plan if it occurs under any of the following conditions:

- while participating in an insurrection, a war or act of war;
- while committing an unlawful act, including a riot or fight (unless you are defending yourself against an unprovoked assault);
- as a direct result of willful disregard of health or safety regulations of an Employer;

- while under the influence of unprescribed drugs or alcohol (other than with respect to an absence from active employment during which you are receiving professional treatment for alcohol or drug abuse);
- while performing services for a third party or while self-employed; or
- as a result of cosmetic surgery or other procedures that are not medically necessary (except breast reconstructive surgery following a mastectomy or a cesarean section delivery) other than with respect to an absence from active employment that is the direct result of a complication that arises from such surgery or procedure and which extends the period of absence beyond the standard period of recovery, as determined by the Plan Administrator in its sole and absolute discretion.

BENEFIT REDUCTIONS

Your STD benefits will be reduced by any income you are eligible for or entitled to under:

- Any applicable Workers Compensation law (or similar coverage); and/or
- Social Security and other federal or state disability income program.

These benefits are taken into account regardless of whether you actually receive, or have timely enrolled or applied for, such benefits or payments. Nonetheless, with respect to non-occupational disability benefits, this reduction shall apply only to full pay benefits.

Additionally, all benefits will be reduced by any award or settlement that you receive from a third party to compensate for lost wages resulting from such disability for which such third party (including an insurer) is responsible, as well as any amount of income you receive from self-employment or from providing services to a third party.

Benefits under this STD Plan, when aggregated with payments received by you from other sources may not exceed 100% of your base salary.

EVENTS AFFECTING COVERAGE

Unpaid Leave Of Absence

You are not entitled to benefits for any disability that occurs while you are on an unapproved leave, personal leave, sabbatical leave, or suspension. If your disability continues to exist on the day you return to work, you may be eligible for STD benefits on the date of your scheduled return, subject to any appropriate waiting periods. However, benefits will be reduced by the number of days of such prior leave.

If you are receiving benefits under this STD Plan and you are eligible for leave under the Family and Medical Leave Act of 1993 (as amended), your qualified FMLA leave period will run concurrently with your STD leave of absence. Leave under the FMLA is unpaid and based on a rolling 12-month period.

Paid Leave of Absence

You are not entitled to benefits for any disability that occurs while you are on a paid leave of absence, such as vacation, holidays, bereavement leave, jury duty, and paid sick leave. If your disability continues to exist on the day you return to work, you may be eligible for STD benefits on the date of your scheduled return, subject to any appropriate waiting periods.

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 STD Plan.

Layoff or Termination of Employment

Your participation and any STD benefits end when your employment terminates.

Death

Your participation and any STD benefits end as of the date of your death.

ADDITIONAL INFORMATION

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. Upon termination of the STD Plan, your participation will cease.

Interpretation of the Plan

Only the plan administrator is authorized to make administrative interpretations of the STD 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.

QUESTIONS

If you have questions about your employee benefits, contact the Tesoro Employee Service Center at 866-688-5465 or email the Corporate Benefits Department at satbenefits@tsocorp.com.