Making the Transition to Retirement

A Guide to Your Options and the Steps Required

You've worked hard and made a significant contribution to the success of Hess. We appreciate your dedication and commitment to making Hess a special company. And now you're

thinking about retiring.

There are some things you need to keep in mind to ensure a smooth transition from your career at Hess to a fulfilling retirement.

This guide can help you decide when to take this important step, know how to make it happen and determine how much retirement income you'll get.

WHAT'S INSIDE

ELIGIBLE TO RETIRE?

It depends on when you joined Hess.

Your Hire Date

- **If you were hired before January 1, 2017**, you participate in the Pension Plan.
- **If you were hired on or after January 1, 2017**, you participate in the Cash Accumulation Plan.
- **If you worked for Hess before January 1, 2017**, terminated employment and were rehired on or after January 1, 2017, you may have benefits under both the Pension Plan and the Cash Accumulation Plan.

WHEN CAN YOU RETIRE?

It depends on your pension plan.

Pension Plan

You're eligible to retire if you're 55 years of age or older and you have at least 10 years of vesting service, or if you're age 65 with at least one year of vesting service.

You may retire at age 65 with full benefits. If you retire prior to age 60, benefits are reduced. These two options are called "Normal Retirement" and "Early Retirement."

Normal Retirement

Normal retirement is at age 65. If you leave Hess at age 65, you may begin receiving your full pension immediately. If you leave Hess after age 65, you will continue to accrue service and your benefit will increase up to your retirement date.

Early Retirement

You're eligible for early retirement from Hess if, on your last day of employment, you're 55 to 65 years of age and you have at least 10 years of vesting service. Please keep in mind that if you start receiving your pension before age 60, the monthly amount is reduced to account for the additional years of payment.

Terminated Vested Participant

If you're 55 to 65 years of age on your last day of employment with at least five but less than 10 years of vesting service, you're required to start receiving your Hess pension at age 65.

Cash Accumulation Plan

Unlike the Pension Plan, there are no age requirements you need to meet before receiving your pension benefit under the Cash Accumulation Plan. However, you must be vested to receive a benefit. You're vested when:

- You complete three years of vesting service from your date of hire or
- You reach normal retirement (65 years of age) and have at least one year of vesting service

Retirement

If you leave Hess at any age and have at least three years of vesting service, you can take your pension benefit with you.

Retiree Medical

You're eligible for the Hess Retiree Medical Plan if you are at least 55 years of age, have at least 10 years of vesting service and have left the company. You can also enroll your eligible dependents. Eligibility ends at the earlier of 65 years of age or the date you become eligible for Medicare due to total and permanent disability.

8 STEPS TO RETIREMENT

Here's a quick look at the eight steps you must take to get the process going and begin receiving your benefits. **Turn to page 14 for details.**

1 Start Planning

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You'll want to start planning at least six months in advance of the day you wish to retire.

2 Share Your Plan

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At least three months before your retirement date, share your plan with your manager, your HR representative and the **Hess Benefits Center at Fidelity**.

3 Request Your Benefit Commencement Package

PAGE 16

You'll need to complete some paperwork to start the retirement process.

4 Continue Your Medical Coverage

PAGE 18

Understand your options for medical coverage in retirement.

5 Consider Applying for Social Security

PAGE 19

You can begin receiving your full Social Security benefits at age 65, 66 or 67, or opt for a reduced benefit as early as age 62.

TOOLS AND RESOURCES

Take advantage of the tools and resources to help plan your retirement:

- Visit the **Hess Benefits Center at Fidelity (netbenefits.com)**
- Call **1-877-511-4377**, Option 2

6 Sign Up for Medicare

PAGE 19

You may want to sign up to receive Medicare beginning at age 65.

7 Understand How Your Benefits Change

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Be sure you get the full picture well in advance.

8 Decide When to Receive Your Savings Plan Balance

PAGE 22

You can request a lump-sum payment from your Savings Plan account right away, move your money to another account or leave it in the account.

RETIREMENT PAPERWORK

Return forms and documents to the **Hess Benefits Center at Fidelity** (P.O. Box 770003, Cincinnati, OH 45277-0069) no later than the first day of the month before the month in which you want to retire. For example, if you want to retire July 1, send in your paperwork before June 1.

RETIREMENT PROCESS TIMELINE

1 6 Months Before Retirement

- Start planning
- Confirm Pension Plan and Retiree Medical eligibility
- Think about a retirement date
- Model payout options
- Moving to a state without income tax? Establish residency and notify Hess of your new address

2 3 Months Before Retirement

- Notify your manager and HR representative
- Request your **Benefit Commencement Package** from the **Hess Benefits Center at Fidelity (netbenefits)** or by calling **1-877-511-4377**, Option 2
- Understand how your benefits change at retirement

3 2 Months Before Retirement

- Review your **Benefit Commencement Package**
- Complete and return paperwork with required documents

4 Your Last Day at Work

- "Active" employment ends
- Coverage ends for:
  - Business Travel Accident Insurance
  - Family Accident Insurance
  - Life Insurance
  - Long-Term Disability (LTD)

HAPPY RETIREMENT!

5 1 to 2 Weeks After Retirement

- Receive your last paycheck including pay for any unused vacation
- Health Savings Account (HSA) contributions end
- Decide whether to convert:
  - Life Insurance plans
  - Family Accident Insurance

6 1 Month After Retirement

- Coverage ends for:
  - Medical
  - Dental
  - Employee Assistance Program (EAP)

7 First Day of the Month After Retirement

- Your pension begins
- Your first check, though retroactive to your retirement date, may not arrive until two months after you retire.

8 1 to 2 Months After Retirement

- You can request your Savings Plan lump-sum payment
- You can elect COBRA coverage within 60 days of receiving your packet for:
  - Medical (unless eligible for Retiree Medical or Medicare)
  - Dental (COBRA dental applies to all retirees)
  - Employee Assistance Program (EAP)

PLANNING AHEAD

Hess provides tools and resources you can use to plan ahead. Take advantage of the online modeling tools to know what your numbers are at different retirement dates and make sure you understand your payment options.

Understand Your Options

You can choose among a variety of pension payment options to meet your personal retirement needs. Payment options are grouped into “normal” and “optional” forms.

Think about the normal form as the default based on your marital status when you retire. Optional forms of payment are also available.

If you’re single when you retire, you can choose any form of payment. If you’re married and want to choose an optional form of payment—other than a Joint and Survivor option—your spouse must agree in writing.

While reviewing your payment options, be sure to go online and see what your monthly payments will be under each option. Consider your decision carefully, because you cannot change the form of payment after payments begin.

Please note: If you have a Merit or Triton pension benefit, please refer to the Hess Corporation Employees’ Pension Plan Summary Plan Description (SPD) for additional information about your payment options.

KNOW YOUR NUMBERS

Visit the **Hess Benefits Center at Fidelity (netbenefits.com)** to estimate what your monthly pension benefit will be with different retirement dates and payment options.

Normal Forms of Payment

Single Life Annuity

If you're single when benefits begin, the normal form of payment is a single life annuity that provides monthly payments for your lifetime. When you die, no further benefits are payable to anyone else.

Qualified Joint and Survivor Annuity

If you're married when your benefits begin, the normal form of payment is a qualified joint and survivor annuity with your spouse at the time of your retirement as your joint annuitant. This form pays you a reduced benefit during your lifetime so when you die, your spouse, if he or she survives you, will receive 50 percent of the benefit you were receiving for the rest of his or her life.

Optional Forms of Payment

You may select one of the following optional forms of payment instead of your normal form. However, if you're married when you retire, your spouse must consent to your election in writing unless you elect a Joint and Survivor option.

Single Life Annuity

This is the same as the normal form of payment for a single person. It provides monthly benefits during your lifetime only, with no benefits payable to anyone else after your death.

66 2/3%, 75% or 100% Joint and Survivor Options

These options provide reduced monthly benefits during your lifetime so after your death, your designated beneficiary receives a percentage of your reduced monthly benefit for the rest of his or her life. The larger the percentage for your survivor, the less you will receive during your lifetime.

Period Certain and Life Options (Five or 10 Years)

These options provide reduced monthly benefits during your lifetime. If you die before receiving all of your payments during the guaranteed period (five or 10 years), your beneficiary will be paid the same amount you were receiving for the remainder of the guaranteed period. After all the guaranteed payments are made, payments to the beneficiary will stop. The longer the guaranteed period, the greater the reduction in your benefit.

Lump Sum (Cash Accumulation Plan Only)

This option provides a one-time payment of your Cash Accumulation Plan balance. A lump-sum payment is in lieu of recurring payments distributed over a period of time.

ADDITIONAL BENEFITS

If you're a higher income earner, you may have additional sources of retirement income. Be sure to understand your options and think through the financial consequences of your decisions.

YOUR PENSION RESTORATION PLAN BENEFIT

If you're a higher income earner, you're likely to be eligible for the Pension Restoration Plan (PRP), which provides pension benefits above compensation limits set by the IRS. (Participation is automatic if your annual pay exceeds the IRC section 401(a)(17) limit in any given year.)

IRS rules are very strict about what is considered a termination of employment (including retirement). If you receive payment of your PRP benefit and return to work for the company as an employee, independent contractor or consultant, on more than a **very limited** basis (i.e., less than 20 percent of the average time you were spending on the job for the 36 months before your employment ended) your employment will be considered continuous and you'll be treated as if you received a payment during employment.

If this happens, you may be responsible for paying:

- **Immediate taxes** on your PRP lump-sum benefit
- An additional 20 percent **tax penalty**
- **Retroactive premium interest**, back to when you first became a participant in the plan or, if later, 2005

The income tax, tax penalty and interest penalty can easily equal or exceed the amount of the PRP benefit.

If you're a PRP participant and you're thinking of leaving Hess and returning as an employee, consultant or independent contractor, be sure to talk with your tax advisor and your HR representative. It may make sense for you to delay your termination of employment with Hess.

TAX CONSIDERATIONS

Want Hess to withhold state income tax from your PRP benefit payments?

Complete and return a state withholding election form, which will be sent to you from the **Hess Benefits Center at Fidelity**, for your PRP benefits. (This is separate from your regular pension benefit payment withholding election.) Hess will not automatically withhold state income tax for you.

If You ...	And Your Years Of Vesting Service Are ...	Your Lump-Sum PRP Benefit Will Be Paid Automatically ...
Are age 55 or older	10 or more	On the first of the month following 6 months after your separation date per IRS regulations
Are age 65 or older	1 or more	
Leave before age 55	10 or more	When you turn age 55 or 6 months after your separation date, whichever is later
Leave before age 65	Less than 10	When you reach age 65 or, if later, 180 days after separation

YOUR 409A DEFERRED COMPENSATION PLAN

The 409A Deferred Compensation Plan is intended for certain highly compensated employees. If you are a participant in the 409A Deferred Compensation Plan, your benefit will be paid out as follows:

- If you elected a lump-sum payment, your benefit is payable six months following the last day of the month in which you have terminated employment.
- If you elected installment payments and your termination of employment is during the first six months of the calendar year, your benefit commences on the first business day of the year following the year of your termination of employment and continues annually thereafter.
- If you elected installment payments and your termination of employment is during the last six months of the calendar year, your benefit commences six months after termination of employment and continues annually thereafter.
- If you elected a specified distribution date, your benefit is payable on the specified date.

YOUR LONG-TERM INCENTIVE PLAN

Because your choice of early or normal retirement will affect the treatment of unvested stock awards you may have under the Long-Term Incentive Plan, you'll want to understand the implications as you plan for retirement. (Selected participants are notified each year of the amount and type of grant awarded.)

Restricted Stock

At normal retirement (65 years of age with at least five years of service), your shares of restricted stock will vest, which means you'll receive all of your shares less applicable taxes to do with as you please.

At early retirement, unvested restricted stock will be forfeited and canceled.

Stock Options

At normal retirement (65 years of age with at least five years of service), all stock options vest and remain exercisable for the remainder of the option term (up to 10 years).

At early retirement, all unvested stock options are forfeited and canceled. Any vested options remain exercisable for the remainder of the option term (up to 10 years).

Performance Share Units

At normal retirement (65 years of age with at least five years of service), Performance Share Units (PSUs) will vest and be paid based on actual performance following the end of the three-year performance period.

At early retirement, all unvested PSUs are forfeited and canceled.

Please refer to your award agreements for complete details about the terms and conditions regarding retirement and termination.

RETIREMENT PROCESS DETAILS

START PLANNING

Deciding when to retire is an important decision that requires planning and consideration. Start planning at least six months before your retirement date and notify the **Hess Benefits Center at Fidelity** three months (90 days) in advance. Both you and the **Hess Benefits Center at Fidelity** need time to prepare for the transition and process the paperwork for your retirement.

Confirm Your Pension Eligibility

Pension Plan

You're eligible to retire under the Pension Plan if you're:

- Age 55 to 65 and have at least 10 years of vesting service with the company (early retirement)
- Age 65 with at least one year of vesting service (normal retirement)
- Age 60 with at least 10 years of vesting service (unreduced benefit)

You may also start a pension benefit if you're:

- Totally and permanently disabled with 10 or more years of vesting service, and you receive a Social Security disability award

Cash Accumulation Plan

Unlike the Pension Plan, there are no age requirements you need to meet before receiving your pension benefit under the Cash Accumulation Plan. However, you must be vested to receive a benefit. You're vested when:

- You complete three years of vesting service from your date of hire or
- You reach normal retirement (65 years of age) and have at least one year of vesting service

Look at Possible Retirement Dates

You can project your monthly retirement income using various retirement dates and payment options at **netbenefits.com**. Click the **Pension Plan** tile and then **Model Your Benefit**. You can also request a pension estimate by calling the **Hess Benefits Center at Fidelity** at **1-877-511-4377**, Option 2.

TELL YOUR MANAGER

You are responsible for telling your manager and HR representative of your plan to retire.

Your manager must process your separation from the company, which enables the **Hess Benefits Center at Fidelity** to calculate your final pension benefit.

SHARE YOUR PLAN

At least three months (90 days) before you want your retirement to begin, notify your manager and HR representative.

REQUEST YOUR BENEFIT COMMENCEMENT PACKAGE

This package will contain everything you need to make a smooth transition from active employment to retirement, including a description of your benefits, forms that must be completed and returned, required documentation and other forms that are optional. See the chart to the right for more information.

You should request your package at least 60, but no more than 90, days before you want your retirement to begin.

Request your package online at the **Hess Benefits Center at Fidelity** **(netbenefits.com)** or by speaking with a representative at **1-877-511-4377**, Option 2. (Representatives are available Monday–Friday, 7:30 a.m. to 5:30 p.m. CT.)

If you're initiating benefit payments online, you must make your election at least 30, but no more than 90, days before you want your benefits to begin.

Benefit Commencement Package

INFORMATION to Review Before Making Your Decision	REQUIRED FORMS AND DOCUMENTS* to Return Before Your Benefit Can Be Calculated and Begin	OPTIONAL FORMS to Complete and Return at Any Time
Checklist to Start Your Pension Benefit defines the steps you need to take and timing to begin your pension benefit	**Payment Election Form** to choose how and when you want your benefit paid — if married, certain elections require your spouse's written consent	**Direct Deposit Authorization Form** to have your pension benefit deposited on a monthly basis directly to the personal bank account you choose
Retirement Benefit Statement provides a preliminary calculation of your pension benefit and a description of your payment options	**Post-Retirement Beneficiary Designation Form** if you're choosing any payment form other than a Single Life Annuity	**W-4P** to elect federal income tax exemptions for your pension benefit payments other than the default of married with three exemptions
Explanation of Pension Plan Payment Options describes each pension payment option in more detail	**Proof of your age**, which can be a birth certificate or passport	**State Income Tax Withholding Form** to have state income tax withheld from your pension benefit payments
Coverage Continuation Notice describes your benefit coverage options once retired	**Proof of your spouse's age**, if applicable, which can be a birth certificate or passport	
Employee Savings Plan (ESP) Distribution Information explains your options for withdrawing money if you have an account	**Marriage certificate**, if applicable	
Special Tax Notice Regarding ESP Payments provides information to "rollover" your balance to another account if you have a Hess Savings Plan account	**Divorce decree**, if applicable	
	Spouse's death certificate, if applicable	

* Return forms and documents to the **Hess Benefits Center at Fidelity** (P.O. Box 770003, Cincinnati, OH 45277-0069) no later than the first of the month before the month in which you want to retire. For example, if you want to retire July 1, send your paperwork in before June 1.

CONTINUE YOUR MEDICAL COVERAGE

If eligible, you may continue your medical coverage under Retiree Medical for yourself and your enrolled dependents. You're eligible for Retiree Medical coverage if you meet the following requirements for early retirement:

- You're at least age 55, but less than age 65
- You have at least 10 years of vesting service with the company

If you elect Retiree Medical coverage, you'll be billed directly by WageWorks.

If you start Retiree Medical mid-year, claims that have been applied to your deductible and out-of-pocket maximum in your current Hess Medical Plan will carry over and apply to Retiree Medical.

Coverage ends when you or your spouse/domestic partner becomes eligible for Medicare. If you and your spouse/domestic partner becomes eligible for Medicare before your children reach the maximum age for coverage, your children's Retiree Medical coverage will end. Your children will be eligible to continue coverage under the government's COBRA provisions for up to 36 months.

If you wish to decline Retiree Medical coverage, do so online at **empyrean.hess.com** or call the **Hess Benefits Center at Empyrean** at **1-877-511-4377**, Option 1. If you decline Retiree Medical, you can enroll in the future if you have a qualifying life event before you reach age 65.

RETIREE MEDICAL

Remember, you only have one chance to enroll dependents in Retiree Medical.

If you don't enroll in Retiree Medical when you retire, you can only enroll at a later date if you lose other coverage.

Retiree Medical coverage ends when you or your spouse/domestic partner becomes eligible for Medicare, regardless of whether or not you sign up for Medicare.

COBRA

You'll receive a COBRA election package within six weeks after your active coverage ends.

- If you're eligible for Retiree Medical benefits, you should not elect to continue your current coverage under COBRA.
- If you're not eligible for Retiree Medical coverage when you leave the company, you may elect COBRA to continue coverage under your current Medical Plan for yourself and your covered dependents for up to 18 months. In this case, be sure to complete and return COBRA paperwork within 60 days of receipt.

CONSIDER APPLYING FOR SOCIAL SECURITY

Social Security benefits are paid to you in addition to your pension. Full Social Security benefits start at either age 65, 66 or 67, depending on the year you were born. If you start your benefits after normal Social Security age, your benefit amount will be higher. You also may request to receive Social Security benefits as early as age 62; however, your benefit will be reduced. Social Security benefits also are payable if you become totally and permanently disabled.

You must apply to receive Social Security benefits. They're not paid automatically. Contact your local Social Security office about three months before you want your benefits to begin. You also can request an estimate of your benefits by calling the Social Security Administration at **1-800-772-1213**.

SIGN UP FOR MEDICARE

Three months before you or your spouse reaches age 65, apply for Medicare coverage online at **medicare.gov** or by calling **1-800-MEDICARE (1-800-633-4227)**. When you or your spouse becomes eligible for Medicare (whether or not you enroll), your Hess Retiree Medical coverage ends.

If your employment with Hess continues after you reach age 65 and become Medicare-eligible, you can postpone enrollment in Medicare until your employment at Hess ends. You'll need to enroll in Medicare when you're no longer covered by the Hess Medical Plan.

Remember

You must apply for Medicare coverage. Usually, you'll be enrolled automatically in Medicare Part A Hospital coverage. Other parts of Medicare require enrollment.

Medicare & You, the official guide to getting the most out of Medicare, is available at **medicare.gov** or by calling **1-800-MEDICARE (1-800-633-4227)**.

You can sign up for Medicare three months before you turn age 65 and up to three months after the month in which you turn age 65. If you don't enroll during that time, you can sign up between January 1 and March 31 each year. Your coverage will begin July 1, and you may pay a higher premium for Part B.

REMEMBER

You must apply to the U.S. government to receive Social Security retirement benefits. They don't start automatically. Visit **ssa.gov/pgm/retirement.htm** to complete the online application.

If you're thinking about working part-time after retirement, you may want to calculate ahead of time the effect on your Social Security payments.

UNDERSTAND HOW YOUR BENEFITS CHANGE

Here's an overview of what happens to the other benefits you have when you retire.

Health Savings Account (HSA)

- Before-tax payroll deductions end with your last paycheck.
- You may continue to contribute to your HSA on an after-tax basis until you enroll in Medicare, as long as you're covered by a high deductible health plan and have no other medical coverage.
- You'll need to send any after-tax contributions directly to the HSA custodian, Fidelity Personal Trust Company. After-tax HSA contributions reduce taxable income on your federal income tax return.
- You may continue to use your HSA funds for qualified medical expenses, such as deductibles, coinsurance and dental and vision expenses. You may also use your HSA to pay certain insurance premiums, such as Medicare Parts A, B and D, COBRA, a Medicare HMO or qualified long-term care insurance. HSA funds cannot be used to purchase Medigap or Medicare supplement policies.
- If you use your HSA to pay for eligible expenses, the money will come out of your account tax free.
- If you use the funds for expenses that don't qualify, that money is taxable, regardless of your age, and subject to a 20 percent penalty if you're under age 65.

Dental

- If you're enrolled in dental coverage when you retire, you may choose to continue this coverage under COBRA for up to 18 months; otherwise, coverage will end 30 days after your active coverage ends.
- You'll receive a COBRA election package at your home address on file within six weeks after your active coverage ends.
- Be sure to complete and return COBRA paperwork for dental coverage within 60 days of receipt.

Long-Term Disability (LTD)

- Coverage ends on your last day of active employment.

Basic Life and Optional Life Insurance

- Coverage for you and any enrolled dependents ends on your last day of active employment.
- You may convert Basic Life and Optional Life Insurance coverage to an individual policy within 31 days of retirement without needing to provide evidence of insurability.

Family Accident Insurance

- Family Accident Insurance ends on your last day of active employment.
- You may convert Family Accident Insurance to an individual policy before age 70 within 31 days of retirement without evidence of insurability.

Business Travel Accident Insurance

- Business Travel Accident Insurance ends on your last day of active employment.

Vacation

- You'll be paid for any unused vacation you've earned, based on our vacation policy, when you retire.
- You cannot extend the last day of your active employment by taking vacation before retirement.

Savings Plan

- Whether your savings are paid automatically when your employment ends depends on the value of your account:
  - If the value of your account is $1,000 or less, the money will automatically be distributed within three months of your termination date, unless you request it sooner.
  - If the value of your account is more than $1,000, you may choose to receive it soon after you retire or wait until April 1 following the year in which you reach age 70½.
- If you have an outstanding loan when your employment ends, please contact the **Hess Benefits Center at Fidelity** at **1-877-511-4377**, Option 2 for important information.

MORE INFORMATION

For additional details on the benefit plans described in this guide, please refer to the appropriate Summary Plan Description (SPD) available online at **HessBenefits.com**:

- Health & Welfare Plan SPD
- Pension Plan SPD
- Savings Plan SPD
- Retiree Medical SPD

DECIDE WHEN TO RECEIVE YOUR SAVINGS PLAN BALANCE

If you want to leave your funds in the Savings Plan until later, you don't need to do anything. If you plan to withdraw your money as soon as possible, you may request a distribution. But bear in mind that it may take Fidelity up to three weeks after your termination to complete final funding.

Your withdrawal will be made as a lump sum. You'll receive additional details in the Savings Plan Distribution Information sheet the **Hess Benefits Center at Fidelity** sends as part of your Benefit Commencement Package.

Tax Treatment of Savings Plan Distributions

Savings Plan distributions often involve complex tax issues. You should consult with your tax advisor or financial planner to help you understand the tax consequences and plan accordingly.

Tax Treatment of Hess Corporation Common Stock

If you decide to withdraw your money from the Savings Plan when you retire and you own Hess Corporation Common Stock as part of your Savings Plan portfolio, it's important to know your company stock can be eligible for special tax treatment. You may want to talk with your personal tax advisor or the **Hess Benefits Center at Fidelity** so you can make an informed decision before completing your retirement paperwork.

In general, the federal income tax on these stock distributions is based on what the Hess trust paid for the stock or "trustee's basis."

For Example

Let's suppose you receive a lump-sum payment from your Savings Plan account comprising $300,000 in cash and 5,000 shares of company stock. The stock has a value on the date of withdrawal equal to $50 per share (or a total value of $250,000). The trustee's basis is $40 per share.

You'd owe tax on the $300,000 in cash plus $200,000 ($40 trustee's basis x 5,000 shares). The remaining $50,000 (5,000 shares x ($50 value – $40 trustee's basis)) is called "unrealized appreciation" and is taxable as long-term capital gains whenever the stock is sold.

This allows you to defer taxes on the appreciated value until you sell the shares. When the shares are sold, the appreciation above the trustee's basis will be taxed at the more favorable capital gains tax rate. Electing this tax treatment is optional, however. Instead, you may elect to receive the unrealized appreciation as ordinary income in the year of the withdrawal.

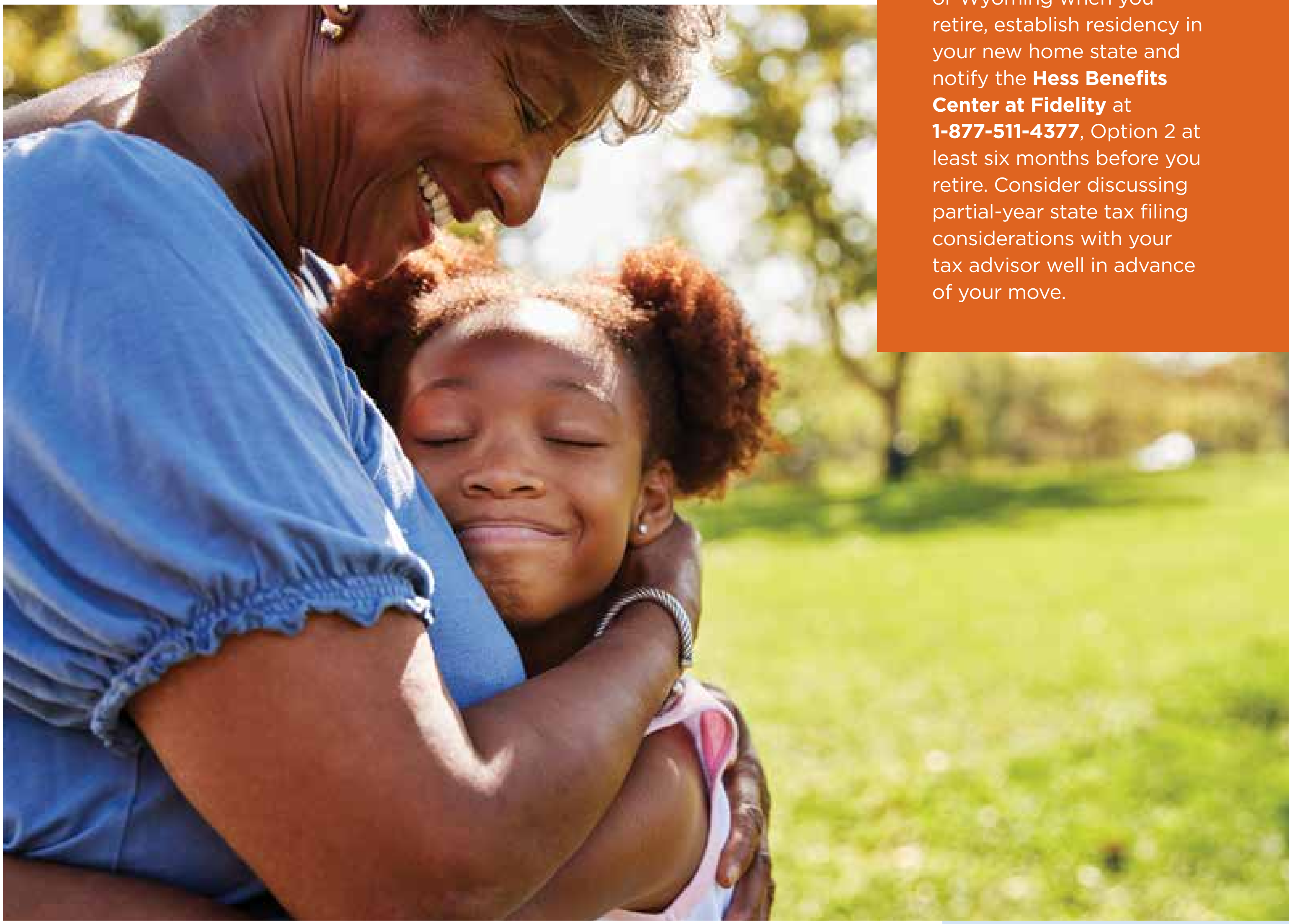
Fidelity's Financial Counselors Can Help

There are many decisions to make, and each choice has tax, cash flow and investment implications. For more information and to understand the implications of your choices, call the **Hess Benefits Center at Fidelity** at **1-877-511-4377**, Option 2. Fidelity is staffed by professional financial counselors who are available at no cost to you. You can also call Fidelity directly at **1-800-603-4015**, Monday–Friday from 7:30 a.m. to 8 p.m. CT.

TAX CONSIDERATIONS

Moving to a state without state income tax?

If you're moving to Alaska, Florida, Nevada, New Hampshire, South Dakota, Texas, Washington or Wyoming when you retire, establish residency in your new home state and notify the **Hess Benefits Center at Fidelity** at **1-877-511-4377**, Option 2 at least six months before you retire. Consider discussing partial-year state tax filing considerations with your tax advisor well in advance of your move.



THINGS TO CONSIDER

Retirement can be a wonderful time in your life, but don't underestimate the magnitude of the change from working life. Making a smooth transition requires self-reflection and planning well beyond your Hess benefits.

Anticipate a Cash Flow Gap

You'll want to make sure you plan your cash flow to accommodate the timing gap between your last paycheck as an active employee and your first pension check. This gap can be nearly two months, depending on the date you choose to retire and when your paperwork is processed. Regardless of when you receive your first pension check, know that it will be retroactive to your retirement date. Pension checks are always dated the first of the month.

Seek Financial Advice

Seek guidance from an investment advisor, tax specialist or attorney. It's best to get advice well before you retire.

Hess offers financial planning and counseling services to you at no cost through Fidelity. For information on Fidelity resources, log on to **netbenefits.com** or call the **Hess Benefits Center at Fidelity** at **1-877-511-4377**, Option 2, Monday–Friday from 8 a.m. to 4 p.m. CT.

Review and Update Legal Documents

Review and update your will, trust, powers of attorney and beneficiary designation information in light of your upcoming retirement. Place these documents and other important information in a safe location and let family members know where to find them.

Develop a Wellness Plan

Taking good care of your mind and body during retirement will enhance your quality of life. Start or continue to exercise regularly and maintain an active lifestyle. Consider your personal need for connectivity and involvement with others as part of your plan for emotional health. Take advantage of lifetime learning opportunities available through local educational institutions.

Additional Considerations

Social Security and Medicare

- The date you start your Social Security benefit doesn't have to coincide with your retirement from Hess.
- You can start your normal Social Security benefit at your normal Social Security retirement age, which varies from ages 65 to 67, depending on the year you were born.
- You can begin your Social Security benefit as early as age 62 and receive a reduced early retirement benefit.
- You can delay your Social Security benefit until after your normal Social Security retirement age to receive a larger benefit.
- Unlike Social Security, everyone is eligible for Medicare at age 65.
- You should start the enrollment process for Social Security and Medicare three months before you want your benefits to begin.

This guide is intended to summarize the retirement process. It does not provide all the details. All benefit plan documents should be consulted for further clarification. If there is any discrepancy or conflict between the plan documents and the information presented here, the plan documents will govern. The information in this guide describes the process in place at the date of publication. The company reserves the right to amend this guide and plan documents without prior notice.

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