

**EP Energy
401(k) Retirement Plan**

Summary Plan Description

January 1, 2019

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In case of conflict between this Summary Plan Description and the Plan documents, the Plan documents will prevail. EP Energy reserves the right to modify, amend, terminate, or otherwise change the Plan at any time.

EP Energy 401(k) Retirement Plan

Purpose

The purpose of the EP Energy 401(k) Retirement Plan (the “Plan”) is to encourage and assist eligible employees in adopting a regular savings program and to provide additional security for their retirement.

About This Summary Plan Description

This Summary Plan Description (“SPD”) provides information regarding benefits under the Plan.

Access Your Benefits via the Internet or Telephone

You can access your account 24 hours a day, seven days a week by logging on to www.empower-retirement.com/participant or by calling Empower Retirement, at **844-465-4455**. You can speak with a representative weekdays between 7 a.m. and 9 p.m. Central Time and Saturdays from 8 a.m. to 4:30 p.m. Central Time.

Your User ID and Password

You will need a User ID and password to receive a verification code to access your account information at Empower.

Online

When you access your account information on www.empower-retirement.com/participant for the first time, click the “Register” button on the initial log-in page. If you do not yet have your initial PIN, complete the account verification steps by providing:

- Social Security number
- Home zip code
- Last name
- Date of birth (MM/DD/YYYY)
- Numeric portion of your home street address or P.O. Box

You will then be prompted to create a username and password, after which you will be sent a verification code to complete the registration process.

Telephone

Your verification code will work with the Empower Retirement automated telephone system, too. Call Empower Retirement at 844-465-4455, enter your Social Security number and your verification code.

If you don't have a verification code, you can request one through the automated phone system and the code can be sent to your primary email address on record.

Note: You can only change your User ID through www.empower-retirement.com/participant. You will continue to use your Social Security number as your User ID to access the Empower Retirement automated telephone system.

Always keep your User ID and password confidential.

Plan Highlights

Part of planning your financial future is saving for your long-term needs. The Plan can help you meet your financial goals.

- Generally, if you're an employee of a participating employer, you are immediately eligible to participate in the Plan.
- You will be automatically enrolled to contribute 6 percent of your non-bonus earnings on a before-tax basis, unless you make a different election or decline to contribute.
- In addition, if you became an EP Energy employee on May 24, 2012, in connection with the closing of the sale of EP Energy and were eligible to participate in the El Paso Corporation Retirement Savings Plan ("El Paso Plan") immediately prior to the sale, you were automatically enrolled in the Plan as of June 1, 2012.
 - If you were contributing to the El Paso Plan immediately prior to the sale of EP Energy, you were enrolled in the Plan at the same level of contributions you were making to the El Paso Plan.
 - If, however, you were eligible to participate in but not contributing to the El Paso Plan immediately prior to the sale of EP Energy, you were enrolled in the Plan for purposes of Company retirement contributions only, but will not be automatically enrolled for purposes of your own contributions until you affirmatively elect to do so.
- If you are eligible, you may enroll in or elect to make a contribution to the Plan online or by calling Empower Retirement (See "*Access Your Benefits via the Internet or Telephone*" on page 4).
- You can make before-tax contributions, after-tax contributions, and Roth contributions to the Plan totaling 1 percent to 50 percent of your earnings through payroll deductions.
- EP Energy Global LLC ("EP Energy" or the "Company") matches 100 percent of your contributions on the first 6 percent of earnings you contribute. In addition, EP Energy will make Company retirement contributions on a pay period basis in an amount equal to 5 percent of your earning regardless of whether you contribute to the Plan. Generally, contributions made by EP Energy vest over three years.
- Beginning with the year in which you reach age 50, you may be eligible to contribute additional before-tax or Roth contributions that may exceed the normal Plan limits.
- The Plan offers you a wide range of investment options for investing your savings.

- While you're still working, you may be eligible to take a loan or withdrawal to cover immediate financial needs.
- Your account grows tax-deferred until you receive a withdrawal or distribution. Amounts withdrawn or distributed are taxed differently depending on whether they are attributable to before-tax, after-tax, or Roth contributions.
- You can request a distribution of your entire account when you terminate employment.

Becoming a Participant

Eligibility

You are an eligible employee if you are an employee of a participating employer and are not:

- a non-resident alien;
- an intern;
- a foreign national employee who is working in the U.S. on a temporary assignment;
- a leased employee;
- treated as a non-employee for payroll tax purposes; or
- an employee who is covered under a collective bargaining agreement that does not provide for retirement benefits under this Plan.

If you have questions about your eligibility, call Empower Retirement (see page 4). Final determinations regarding your eligibility are made by the Retirement Committee, which administers the Plan.

Participation

You participate in the Plan if you are an eligible employee of a participating employer. You will be automatically enrolled for purposes of receiving Company retirement contributions. In addition, you will be automatically enrolled for purposes of your own contributions unless you elect otherwise. Your decision to contribute to your account in the Plan is voluntary, which means you may elect how much to contribute, or you may elect to not contribute. The enrollment procedures are simple.

Automatic Enrollment

As an eligible employee, you will be automatically enrolled in the Plan, and will be deemed to have elected to contribute 6 percent of your non-bonus earnings on a before-tax basis unless you make another election. See “*Definition of Earnings*” on page 14. Your enrollment will be effective for the first pay period beginning more than 30 days following your date of hire, or as soon thereafter as administratively feasible. If you are automatically enrolled, your contributions will be invested in the age-appropriate JP Morgan SmartRetirement Fund (assuming you intend to retire at or near age 65), unless you make another investment election.

Special rules apply to former employees of El Paso who became employees of the Company on May 24, 2012 in connection with the closing of the sale of EP Energy. If you became an eligible employee of the Company on May 24, 2012 in connection with the closing of the sale of EP Energy, and you were contributing to the El Paso Plan at or immediately prior to the closing of the sale, you were automatically enrolled in the Plan on June 1, 2012 at the same level of contributions you were

making to the El Paso Plan. If, however, you were eligible to participate in but not contributing to the El Paso Plan immediately prior to the sale of EP Energy, you were automatically enrolled in the Plan on June 1, 2012 for purposes of Company retirement contributions, but will not be automatically enrolled for purposes of any of your own contributions until you affirmatively elect to do so. In addition, if you were an eligible employee of El Paso but did not complete the waiting period and thus were not enrolled in the El Paso Plan prior to the sale of EP Energy, you were automatically enrolled in the Plan under the normal Plan rules, but counting service with El Paso as if it were service with the Company.

Making an Election

If you want to avoid automatic enrollment and contribute a different amount, start your contributions sooner, or not make contributions to your account in the Plan at all, you must make an election before your automatic enrollment becomes effective. To make an election, you must go online or call Empower Retirement (see page 4) to choose a different contribution percentage, or to choose zero contributions. You may also go online or call Empower Retirement if you want to begin contributions before your automatic enrollment would become effective, and if you want to direct the investment of your contributions.

IMPORTANT: If you have not made another election before your automatic enrollment becomes effective, 6 percent of your non-bonus earnings will be deducted from subsequent paychecks before taxes are calculated and withheld, and that amount will be contributed to the Plan on your behalf and will be invested in the age-appropriate JP Morgan SmartRetirement Fund (assuming you intend to retire at or near age 65), unless you make another investment election. These deductions will continue until you make different elections and your new elections are processed. Amounts automatically deducted and contributed on your behalf will not be refunded to you and may only be accessed as provided under the terms of the Plan.

How to Enroll

You may enroll in the Plan online or by calling Empower Retirement (see page 4).

As part of the enrollment process, you will need to:

- Elect the percentage of your earnings, if any, that you want to contribute on a before-tax basis, after-tax basis, Roth basis, or any combination of the three. You may contribute any whole percentage of your earnings from 1 percent up to 50 percent. You make a separate election for your non-bonus earnings and for your bonus.
- Elect how your savings should be invested among the Plan investment fund options.
- Name a beneficiary to receive the distribution of your account if you die. You can change your beneficiary at any time by accessing your account via the internet or telephone (see page 4). However, if you're married, federal law requires that you may only name someone other than your spouse as beneficiary if your spouse signs the spousal consent on the Beneficiary Designation Authorization Form and has it notarized.

When Participation Ends

Once you begin participating in the Plan, your participation generally continues throughout your employment with EP Energy or another participating employer. However, a participant may suspend

or resume contributions as desired in accordance with the terms of the Plan. When you receive a final distribution of your account after termination of employment, your participation ends.

Building Your Account

Overview of Contributions

This section summarizes the different types of contributions that are allowed in the Plan. Employee, Company matching contributions, and Company retirement contributions are made to the Plan following the close of each payroll period.

Type of Contribution	Definition	Federal Income Taxes* on Contributions
Before-Tax	You may contribute from 1% to 50% of earnings (75% if 50 or older) on a before-tax basis (subject to certain limits) less any after-tax or Roth contributions elected. <i>The Company matches 100% of your contributions on the first 6% of earnings contributed.</i>	No tax when contributed; contributions and earnings taxable when withdrawn.
After-Tax	You may contribute from 1% to 50% of earnings (75% if 50 or older) on an after-tax basis (subject to certain limits) less any before-tax or Roth contributions elected. <i>The Company matches 100% of your contributions on the first 6% of earnings contributed.</i>	Taxable when contributed; no tax on contributions when withdrawn. Earnings are taxed when withdrawn.
Roth	You may contribute from 1% to 50% of earnings (75% if 50 or older) on a Roth basis (subject to certain limits) less any before-tax or after-tax contributions elected. <i>The Company matches 100% of your contributions on the first 6% of earnings contributed.</i>	Taxable when contributed; no tax on contributions when withdrawn, and no tax on earnings when withdrawn if certain conditions are met (See "The Roth Contribution Alternative" on page 16).
Company Match	The Company matches 100% of your contributions on the first 6% of your earnings contributed (subject to certain limits). Company matching contributions are allocated on the same percentages and to the same fund options in which you have elected to invest your Plan contributions.	No tax when contributed; contributions and earnings taxable when withdrawn.
Company Retirement Contributions	The Company will make an additional contribution of 5% of your earnings (subject to certain limits).	No tax when contributed; contributions and earnings taxable when withdrawn.
Rollover	You may roll over a qualified distribution from another employer's eligible retirement or savings plan, or an Individual Retirement Account (IRA).	Tax will depend on type of rollover. Please contact Empower Retirement (see Page 4) for more information regarding rollovers.

* Social Security taxes apply to your contributions, even though income taxes may not.

Your Contributions

You may contribute from 1 percent to 50 percent of your earnings in any combination of before-tax, after-tax, and Roth contributions, in 1 percent increments. You specify the contribution percentages that apply to non-bonus earnings and to your bonus. See "Definition of Earnings" on page 14 within this SPD for the definition of "non-bonus earnings" and "bonus." Before-tax contributions are deducted from your paycheck before federal income taxes and state and local taxes (where applicable) are calculated. Because you pay taxes on a smaller portion of your pay, your current taxes are lower.

All your contributions, whether they are before-tax, after-tax, or Roth, are considered wages for Social Security tax purposes.

Your contributions (before-tax, after-tax, and Roth) are matched by EP Energy. See “*Company Matching Contributions*” below for more information.

Note: The Internal Revenue Code places limits on the amounts you may defer under the Plan. The extent of your participation in the Plan may be affected by these limits. See “Limits on Contributions” on page 12.

Company Matching Contributions

EP Energy will match 100 percent of your contributions to the Plan as a before-tax, after-tax, or Roth contribution – up to 6 percent of your earnings. The maximum percentage of your earnings that are matchable and the rate of the match are set by the Company and are subject to change.

These Company matching contributions are made each pay period, and are contributed at the same time as the before-tax, after-tax, or Roth contributions to which they relate. There may be circumstances (e.g., participation for only part of the year or changes in your deferral percentage during the year) when, at the end of the year, your total Company matching contributions do not total 100 percent, up to 6 percent of earnings, of your contributions. If this happens to you, EP Energy will make an annual corrective Company matching contribution (called a “true-up” contribution) to your account, so that you receive the maximum Company matching contribution for the year, when considering your total contributions and total earnings for the year.

For example, Bob is hired on July 1st and earns \$5,000 per month. During July, August and September, he chooses to contribute 12 percent of his earnings (\$600 each month, for a total of \$1,800), and then changes his contribution percentage to 0 percent for the rest of the year. During July, August and September, the Company makes a matching contribution of 100 percent of his contributions up to 6 percent of his earnings each pay period, for a total of \$900. At the end of the year, Bob has earned \$30,000 and contributed \$1,800 (6 percent of his earnings), but the matching contribution of \$900 that he has received is only 50 percent of his total contributions. After the end of the year, the Company makes a “true-up” matching contribution of an additional \$900, so that Bob's total matching contribution is the full 100 percent of his contributions up to the first 6 percent of his earnings.

Company Retirement Contributions

In addition to Company matching contributions, the Company will make Company retirement contributions of 5 percent of your earnings. These Company retirement contributions are made each pay period.

Note: The Internal Revenue Code places limits on contributions under the Plan. The extent of your participation in the Plan may be affected by these limits. See “Limits on Contributions” on page 12.

Catch-Up Contributions

Employees who will have attained age 50 as of the last day of the year are eligible to make special “catch-up contributions” in that year to accelerate their savings. Employees do not make a separate catch-up contribution election. A catch-up contribution is the amount an employee who is age 50 or older may contribute on a before-tax or Roth basis to the Plan that may be in excess of the normal

Plan or IRS limits established for a taxable year – up to the maximum catch-up amount allowed for that year (for example, \$6,000 for 2019). Participants eligible to make catch-up contributions may elect to contribute up to 75 percent of their earnings to the Plan.

Changing or Stopping Your Contributions

You may have two contribution elections in effect at a time one that applies to non-bonus earnings, and one that applies to bonus earnings. Your contribution agreements will continue in effect until you make a new agreement with respect to the same type of earnings. You can change the percentage you contribute to the Plan, or stop contributions entirely, at any time.

For example, you may change the contribution percentage, elect zero deferrals, or change between before-tax, after-tax, and Roth contributions. Completing a new contribution agreement will automatically revoke all prior agreements that apply to the same earnings. For example, if you have elected to defer 5 percent of both non-bonus earnings and bonus, and later change your election with respect to bonus to 3 percent, your agreement to defer 5 percent of non-bonus earnings will continue to apply, and 3 percent of your future bonus earnings will be contributed to the Plan.

Your changes will take effect as soon as administratively possible. Typically, contribution changes take effect in one to two pay periods from the time of request. To make changes to your contributions or to suspend or reinstate your contributions, you may access your account online, or by calling Empower Retirement (see page 4).

Your contribution elections continue from year to year unless you change your elections.

If You Take a Leave of Absence

In general, your contributions to the Plan will stop during any period of unpaid leave. Your account will remain invested in the Plan and your contributions will automatically begin again when you return from leave.

Limits on Contributions

The government regulates the total amount that you and the Company can contribute annually to the Plan. In addition, the Plan limits the amount that you can contribute as after-tax contributions in order to maximize the amount of Company contributions (Company matching and Company retirement) and tax-advantaged employee contributions (before-tax and Roth) that you can receive each year.

- Federal law limits the total amount of before-tax and Roth contributions you may contribute each year. For 2019, this amount is \$19,000. For those eligible for catch-up contributions, the limit for 2019 is \$25,000. If you reach the maximum amount of before-tax and Roth contributions into the Plan, your contributions will be suspended during the remainder of that year. If you wish to have these excess amounts contributed as after-tax contributions you must change your contribution elections online or by calling Empower Retirement (see page 4). If you contributed to both the Plan and another employer's plan in the same year, it is your responsibility to ensure that your combined contributions do not exceed the annual limit. If your combined contributions exceed the annual limit, you may request that the Plan refund the excess amount to you. The Plan may, but is not required to, honor your request. The Plan may only do so if it is administratively feasible to make the

refund by April 15th of the following year. In general, requests received after April 1st cannot be honored.

- The Plan limits the amount of after-tax contributions that you may contribute each year. For 2019, this amount is \$6,200.
- Federal law also limits the combined before-tax, after-tax, Roth, and Company matching contributions and retirement contributions made to your account (excluding any catch-up contributions). This limit is the lesser of \$56,000 (in 2019) or 100 percent of your earnings.
- The amount of earnings recognized for savings is also limited. Earnings above \$280,000 (in 2019) must be disregarded for purposes of calculating contributions to the Plan. However, if this limit would otherwise be exceeded with respect to your earnings, your contribution percentage will be deemed to have been the minimum percentage of earnings necessary (not to exceed 50 percent) to allow the contributions actually made on your behalf. For example, if you elected to contribute 3 percent of your earnings, and earned \$500,000, you would still be able to contribute the full \$15,000 that you elected, but your contribution percentage would be deemed to be 5.5 percent of \$280,000, rather than 3 percent of \$500,000.

These limits may increase from year to year based on changes in the cost of living.

The Plan may also impose additional limits on the contributions you make to insure that the Plan does not discriminate in favor of highly compensated employees. In some circumstances, tax laws may require the Plan to refund contributions and related earnings to certain highly compensated employees (and forfeit related matching contributions) after year-end. If this occurs, affected participants will be notified.

Rollovers from Other Plans

You may be eligible to roll over all or part of your distribution (including after-tax and Roth contributions) from one of the following types of plans to the Plan:

- a traditional IRA (or a SIMPLE IRA in which you participated for two or more years);
- any plan that is qualified under Section 401(a) of the Internal Revenue Code (*e.g.*, a 401(k) plan, a defined benefit pension plan, a money purchase pension plan, a profit-sharing plan, a thrift plan, an employee stock ownership plan, or a stock bonus plan);
- a Section 403(a) annuity contract;
- a Section 403(b) tax-sheltered annuity;
- a Section 457 eligible deferred compensation plan of a state or local governmental entity;
or
- a SIMPLE 401(k) plan.

If you roll over such an amount, you will postpone paying taxes. Rollover contributions are generally taxable when withdrawn. However, if you roll over after-tax or Roth contributions, those contributions are not taxed when withdrawn (although the earnings thereon may be).

Although active participation in the Plan is not required, you must be an eligible employee of EP Energy or a participating employer to roll over amounts into the Plan.

To Request a Rollover

Specific rules apply to rolling over money into a qualified plan, such as the Plan. Call Empower Retirement at **844-465-4455**, from 7:00 a.m. to 8:00 p.m., Central Time, Monday through Friday, for more information.

Vesting

If you are a former employee of El Paso who became an employee of EP Energy in connection with the closing of the sale of EP Energy on May 24, 2012 or on or prior to June 1, 2012, you are 100 percent vested in the entire value in your Plan account.

If you were hired by EP Energy after the Plan's effective date of June 1, 2012, you will be 100 percent vested in all contributions you make and you will vest in the Company matching contributions and additional Company retirement contributions as follows:

- 33 $\frac{1}{3}$ percent vested after you have at least one year of service;
- 66 $\frac{2}{3}$ percent vested after you have at least two years of service; and
- 100 percent vested after you have three years of service.

In addition, you will be 100 percent vested in the Company matching contributions and additional Company contributions if you turn age 65, are an active employee of the Company and are not otherwise vested in those contributions.

Break-in-Service

You are credited with 95 hours of service for each semi-monthly pay period in which you work (or are entitled to payment for) at least one hour of service. A one-year break-in-service occurs if you have less than 501 hours of service in a calendar year. If you return to work following a break-in-service, your prior years of service will be restored as follows:

- If you were vested at the time your break-in-service occurred, your prior years of service will be restored automatically.
- If you were not vested, but you return to work before you have five consecutive one-year breaks-in-service, your prior years of service and any previously unvested Company matching and Company retirement contributions that were forfeited as of your termination date will be restored.

In all other situations, your prior service and any unvested Company matching and Company retirement contributions that were forfeited as of your prior termination date will not be restored following a break-in-service.

For breaks-in-service, hours of unpaid leave are also used in calculating hours of service. Also, if you are on maternity or paternity leave and it extends past December 31, your hours may be carried over and counted in the next year to avoid a break-in-service if they were not included in the first year to avoid a break-in-service.

Definition of Earnings

For the purposes of the Plan, “earnings” is defined as total pay earned while an eligible employee, including:

- non-deferred salary or wages;
- sick and disability pay;
- pay for time off (whether time off is taken or cashed out);
- overtime;
- shift differentials;
- before-tax contributions, after-tax contributions, Roth contributions and catch-up contributions to the Plan, and any cafeteria plan salary reduction amounts;
- before-tax contributions to the Transportation Subsidy Account (pre-tax parking spending account);
- non-deferred annual performance bonuses;
- spot bonuses;
- differential wage payments while on active military duty for more than 30 days (to the extent required by law); and
- payments in lieu of notice under the WARN Act.

“Earnings” does **not** include the following:

- income related to any type of equity-based compensation or attributable to any equity-based compensation plan;
- bonuses under business-unit-specific bonus or incentive compensation plans;
- reimbursement for expenses or expense allowances (moving, relocation, housing, transportation and others);
- employer contributions to a qualified retirement plan other than this Plan, and employer and employee contributions to a nonqualified deferred compensation plan, and any income attributable to benefits from those plans;
- employer contributions to this Plan other than before-tax and Roth contributions;
- payments made in exchange for a release;
- transition pay, or any type of pay to encourage retention;
- any amount paid by an employer or separate funding vehicle for fringe benefits (including but not limited to, health and welfare benefits, long-term disability benefits, group life insurance benefits, educational assistance benefits, transportation benefits or fitness club benefits) or other perquisites;
- deferred compensation;
- bonus payments or awards not specifically included in earnings;
- foreign service premiums, mobility premiums, assignment differentials and cost of living adjustments;
- commissions;
- imputed income (vehicle, group term life, housing and others);
- severance or termination payments;

- tax gross-up payments, tax advances, and tax equalization payments;
- gifts; and
- any other forms of remuneration not explicitly included in earnings.

You may make two contribution elections that apply separately to your non-bonus earnings and to your bonus. For this purpose, “bonus” means only the portion of your earnings that consist of annual performance bonuses and spot bonuses.

The Before-Tax Advantage: An Example

Here’s an example that compares the tax effect of before-tax savings with after-tax savings in the Plan. Assume:

- Your earnings are \$60,000.
- You elect to save 6 percent of your earnings, or \$3,600.
- You’re married and claim three exemptions and the standard deduction on your federal income tax return.

	Savings Before-Tax	Savings After-Tax
Your Earnings	\$60,000	\$60,000
Before-Tax Savings	- 3,600	- 0
Annual Earnings Subject to Tax	\$56,400	\$60,000
Estimated Federal Income Taxes	- 4,543	- 5,083
Earnings After Taxes	\$51,857	\$54,917
After-Tax Savings	- <u>0</u>	- <u>3,600</u>
Remaining Take Home Earnings	\$51,857	\$51,317

In this example, you end up with an additional \$540 in take home earnings if you save on a before-tax basis. And, you could have an even greater amount in extra take-home pay when state and local taxes are considered. Keep in mind that all tax situations are not the same. You may want to consult with a tax advisor about your individual situation.

The Roth Contribution Alternative

You may designate all or a portion of your contributions to the Plan as Roth contributions. Roth contributions differ from before-tax and after-tax contributions in several ways. If you elect to make Roth contributions, the Roth contribution amount will be included in income for federal income tax purposes in the year in which it is made. However, when Roth contributions are withdrawn, the Roth contribution amounts and all earnings allocated to your Roth contributions are not subject to federal income tax so long as the following two requirements are met:

- the distribution occurs after the five taxable year period beginning with the first taxable year in which you made a Roth contribution to the Plan; and
- the distribution occurs after you have attained age 59½, have become disabled, or have died.

Contributions designated as Roth contributions cannot be reclassified as before-tax or after-tax contributions. In addition, Roth contributions will count towards your annual limit on Plan contributions, when combined with your before-tax contributions (\$19,000 for 2019).

For example, if you have annual compensation of \$60,000 in 2019, and elect to make a Roth contribution equal to 5 percent of your compensation and a before-tax contribution equal to 5 percent of your compensation, your Roth contribution to the Plan will equal \$3,000 and your before-tax contribution to the Plan will equal \$3,000. The total of these contributions may not exceed the annual limit on Plan contributions (\$19,000 for 2019). The Roth contribution portion (\$3,000) will be included in your income for federal income tax purposes, and income tax withholding amounts will be deducted from the remainder of your pay in 2019. The before-tax contribution (\$3,000) will not be included in your income for federal income tax purposes and amounts will not be deducted from the remainder of your pay in 2019. See *“The Before-Tax Advantage: An Example”* on page 16 for more information. If you attain age 59½ on January 1, 2019, and request a distribution of both your Roth contributions and your before-tax contributions that year, your Roth contributions, and all earnings allocated to your Roth contributions, will be distributed to you without any federal income tax being imposed on those amounts. Your before-tax contributions, and all earnings allocated to your before-tax contributions, would be subject to federal income tax.

The above is a simple example of the pros and cons of both Roth contributions and before-tax contributions. These pros and cons will impact different people in different ways, therefore, you should consult with your tax advisor to determine which types of contributions are right for you.

After-Tax Contributions

You may designate all or a portion of your contributions to the Plan as after-tax contributions, subject to the Plan’s annual limit on after-tax contributions. For 2019, the limit is \$6,200 (see *“Limits on Contributions”* on page 12).

If you elect to make after-tax contributions, the after-tax contribution amount will be included in income for federal income tax purposes in the year in which it is made, but taxes are deferred on any earnings on your after-tax contributions until they are distributed to you. For detailed information regarding how the earnings on after-tax contributions are taxed, see *“Distribution of After-Tax Contributions”* on page 25.

Investing Your Account

Investment Funds

Participants and beneficiaries decide how to invest their accounts in the Plan. It is very important to consider your investment decisions carefully to ensure your account will provide you with adequate retirement income. Generally, many consider that a well-balanced and diversified investment portfolio is the best strategy for achieving retirement goals. If you would like to learn more about individual investing and diversification, you can obtain additional information at [www.http://www.dol.gov/ebsa/savingmatters.html](http://www.dol.gov/ebsa/savingmatters.html).

The Plan provides various investment funds selected by the Retirement Committee in which you can invest your savings. You may receive more information about the funds and their performance information online or by calling Empower Retirement (see page 4). Additional information is available in each fund's prospectus, and copies of the prospectuses are available through Empower Retirement. We urge you to review the fund prospectus before making any investment decisions. Keep in mind that fund performance represents *past* performance and should not be considered indicative of future performance.

For information about the Retirement Committee, see "*Retirement Committee*" on page 27.

Investment Elections

Making Your Investment Elections

You can allocate your future contributions in any of the active investment funds offered by the Plan in increments of at least 1 percent. The contributions you make to your Plan account will continue to be invested according to your investment elections until you make a change. Matching contributions and Company retirement contributions are automatically allocated by the same percentage and to the same fund options as you elect to invest your Plan contributions. Under certain situations, there may be short periods of time during which your contributions are not immediately invested (but are pending investment) in the Plan.

If you do not make an investment election, contributions will be invested in the JP Morgan SmartRetirement Fund based upon your date of birth and an estimated retirement age of 65. Contributions and any associated earnings will remain in this default fund until you elect to transfer them to other investment options.

If a beneficiary does not direct the investment of any amount of his or her account, the amount shall remain invested in the same manner as it was invested at the time of the participant's death.

Changing Your Investment Elections

The Plan allows you to change the investment elections of your future contributions on a daily basis. In general, your changes, when received by 3:00 p.m., Central Time, will be effective at the end of the same business day. Changes received after 3:00 p.m., Central Time, will be effective the next business day.

Transferring Your Existing Balances

You can transfer your existing balances, including matching contributions and Company retirement contributions, on a daily basis. In general, your changes, when received by 3:00 p.m., Central Time, will be effective at the end of the same business day. Changes received after 3:00 p.m., Central Time, will be effective the next business day. In addition, you may direct that your investments be rebalanced automatically every six months.

Determining Your Account Value

By investing your contributions in the funds available through the Plan, you share in the investment performance of those funds. The value of your account is determined each business day.

Your Accounts

The Plan maintains the following types of accounts for each participant to track different types of contributions.

Account Name	Account holds the following type of contributions and related investment earnings
Before-Tax Account	Before-tax contributions
After-Tax Account	After-tax contributions
Roth Account	Roth contributions
Rollover Account	Before-tax rollover contributions received from other plans or IRAs
After-Tax Rollover Account	After-tax rollover contributions received from other plans or IRAs
Roth Rollover Account	Roth rollover contributions received from other plans or IRAs
Company Matching Contribution Account	Company matching contributions (each pay period)
Company Retirement Contribution Account	Company retirement contributions (each pay period)

Accessing Your Account While Working

The Plan is designed to help you save for long-term needs. However, there may be times when you need access to your savings while you're still an active employee. Taking a withdrawal is one option for you; borrowing against your account is another. Keep in mind that taking a withdrawal may subject you to taxes and penalties. See "*Tax Consequences*" on page 25 for more information. Below is a summary of your in-service withdrawal and loan options. Please contact Empower Retirement (see page 4) for more information.

In-Service Withdrawals

You may be able to withdraw all or part of your accounts, to the extent you are vested, prior to your termination of employment even if you do not have a financial hardship.

In-Service Withdrawals Prior to Age 59½

If you are an active employee who has not yet attained age 59½, you may withdraw up to the entire balance of your Rollover Account, After-Tax Rollover Account, and Roth Rollover Account. See "*Tax Consequences*" on page 25 for more information.

In-Service Withdrawals at or After Age 59½

If you are an active employee who has attained age 59½, you may withdraw up to the entire vested balance of your Before-Tax Account, After-Tax Account, Company Matching Contribution Account, and Company Retirement Contribution Account; however, there may be tax consequences. See "*Tax Consequences*" on page 25 for more information.

In-Service Withdrawal Sequence

In general, any withdrawal will come first from after-tax funds in your account, then from Roth funds in your account, and then from before-tax funds in your account. Beyond that, your other accounts will be debited on a pro-rata basis. Note that you may be required to pay taxes and penalties on amounts that you withdraw. See "*Tax Consequences*" on page 25 for more information.

Hardship Withdrawals

If you are faced with a financial hardship, you may request a hardship withdrawal of contributions held in your After-Tax Account and Before-Tax Account, in that order. Investment earnings in these accounts are not available for hardship withdrawals.

Hardship withdrawals are strictly regulated by the IRS. They may be approved only up to the amount you need to meet an immediate and heavy financial need (including amounts necessary to pay excise or income taxes arising from the distribution). In addition, to qualify for a hardship withdrawal, you must already have obtained all distributions (other than hardship withdrawals) and loans available from the Plan and other EP Energy retirement plans, if any. Hardship distributions are not eligible for rollover. If you have a loan, you may not withdraw amounts pledged as collateral for your loan. You do not have to pay a hardship withdrawal back to the Plan. A hardship

withdrawal is subject to any applicable federal, state or local income taxes. In addition, if you are under age 59½, your hardship withdrawal distribution might be subject to a 10 percent early withdrawal penalty tax. See “*Tax Consequences*” on page 25 for more information.

What Qualifies as a Hardship

Financial emergency withdrawal requests for the following types of expenses will be considered. You will need to provide documentation of the hardship with your request.

► ***Expenses for medical care*** previously incurred or amounts necessary to obtain medical care for you, your spouse, or anyone who qualifies as your “dependent” for federal income tax purposes. Documentation required: detail of medical expenses, including an Explanation of Benefits from the insurance company, showing amounts you are responsible for paying. To be eligible, expenses must be tax-deductible health care expenses as defined by the IRS (determined without regard to whether the expenses exceed 7.5 percent of the adjusted gross income). Refer to the tax instructions for filing Form 1040 and IRS Publication 502 *Medical and Dental Expenses*. This publication is available from the public library or your local IRS office. Examples of health care expenses that are *not* covered are items such as cosmetic surgery (that is not required as a result of injury, disease or birth defect) or long-term care expenses.

► ***Funeral and burial expenses*** for your deceased parent, spouse, children or dependents (as defined for federal income tax purposes).

Taking a Loan

If you need access to your Plan account while you are still working, a loan is an alternative to taking a withdrawal. When you take a loan from the Plan, you pay yourself back with interest through payroll deductions. The money you receive from the loan is not taxed as long as you pay back the loan in accordance with its terms. Your payments – including interest – are reinvested in your Plan account according to your investment elections.

Eligibility

You are eligible to take a loan if you are an active employee, and have a total vested account balance of at least \$2,000 in your Plan account.

Loan Terms

The minimum loan amount you can borrow from your Plan account is \$1,000. The maximum loan amount you can borrow from your account is the lesser of: 50 percent of your vested account balance, or \$50,000 less the highest outstanding loan balance in the last 12 months. You may have two loans from the Plan outstanding at one time. You must execute a promissory note for each loan you take.

You may not borrow amounts in your Roth Account or Roth Rollover Account.

Loans are deducted from your investment funds on a prorated basis. This means that a portion of your loan amount will be taken from each of the investment funds in which your account is invested. Loans are deducted from your accounts according to the order established by the Retirement Committee.

Interest Rate

When you take a loan from the Plan, you pay your own account back with interest. The interest rate on your loan is fixed, and is the prime rate for the month in which you request the loan, as published in the Wall Street Journal, plus 1 percent.

Repaying Your Loan

You are required to pay back your loan through after-tax payroll deductions within a period of at least 12 months, but not more than 60 months, unless your loan is to be used to acquire your principal residence, in which case the maximum loan term is 15 years. If you choose, you can repay the balance of your loan in full at any time prior to the end of your repayment term. Your payments – including interest – are repaid to your Plan account and are invested according to your current investment elections for new contributions.

Special rules may apply if you are on an authorized leave of absence or long-term disability.

Applying for a Loan

To model loan payments, request a loan, request a payoff amount, or review outstanding and new loan information, you may access your account online, or by calling Empower Retirement (see page 4).

If You Default on Your Loan

If you miss any scheduled loan repayments, your loan will be considered in default. If your employment is terminated, or other circumstances prevent repayment through payroll deduction, you may continue to make loan payments through a pre-authorized check arrangement. If your loan is in default and you fail to make any missed payment by the end of the calendar quarter following the calendar quarter in which the payment was due, your outstanding loan balance will be treated as if you had received a distribution from the Plan. This means the outstanding loan balance will be reported to the IRS as taxable income, and you will be required to pay any applicable taxes and penalties.

Final Distribution

You can receive a total distribution of your Plan account balance when you:

- terminate employment
- are considered to have terminated employment upon the earlier of (a) one year after you are considered totally disabled and entitled to benefits under the employer-sponsored long-term disability plan, or (b) the date you receive your Social Security Disability Award.

If you die, your beneficiary receives the distribution of your account.

Immediate Lump-Sum Distribution

You can receive an immediate lump-sum distribution of your account. If your balance is \$1,000 or less (including your Rollover Account balance, After-Tax Rollover Account balance, and Roth Rollover Account balance) and you have not already commenced receiving installment payments, you will automatically receive a final payment of the balance in your account. However, if your account balance is more than \$1,000, you can take an immediate lump-sum distribution, or elect other distribution options. This \$1,000 limit is referred to as the “Cash-Out Limit.”

Deferred Lump-Sum Distribution

If your account balance is more than the Cash-Out Limit, you may defer your distribution to a date that is before April 1st of the year following the year you turn age 70½.

Installments

You may elect to receive installments from the Plan if your balance is greater than the Cash-Out Limit. You may elect to receive payments each quarter or on an annual basis. All installments must end before April 1 of the year following the year in which you attain age 70½.

If you elect to receive installments, you may, at any time, request a total distribution of the remaining balance.

Rollovers

To avoid the automatic 20 percent withholding of federal income tax on most taxable distributions made directly to you, if the distribution is for \$200 or more, you may elect a direct rollover to another employer’s eligible retirement plan (that accepts such payments) or to an Individual Retirement Account (“IRA”). You may make a partial rollover, and receive the rest of the distribution yourself, provided the amount rolled over is at least \$500. Any amount paid to you will be subject to withholding.

Amounts rolled over from your Roth Account or Roth Rollover Account, or both, are treated as a separate rollover, and such rollover may only be made to a Roth rollover account in another

employer's plan or to a Roth IRA. You may also be eligible to elect a direct rollover from your non-Roth accounts to a Roth IRA depending on your own tax situation. Please consult your own tax advisor to determine if you may be eligible.

A non-spouse beneficiary may direct a rollover to an IRA, but may not elect to roll over funds to another employer's eligible retirement plan.

If you elect a direct rollover, the Plan will make the check payable to the name of the IRA Trustee or the eligible plan name that you provide. If your rollover will include after-tax or Roth contributions, you are responsible for checking to be sure that the new plan will accept such contributions. If you do not make a direct rollover and receive your distribution check in your own name, you still have 60 days to make a rollover on your own. However, you will be responsible for making up the 20 percent withholding if you want to roll over the full amount of your taxable withdrawal or distribution.

For more detailed information on rollovers, see "*Special Tax Notice Regarding Plan Payments*" on page 35. Please note that a rollover of your non-Roth accounts to a Roth IRA is not a tax-free rollover. If you roll over your non-Roth accounts to a Roth IRA, no taxes will be withheld on the amount of your rollover, but the amount of your rollover will be reported as taxable income to you in the year of distribution. You should consult your own tax advisor before you decide to roll over your non-Roth accounts to a Roth IRA.

If You Die

If you die, your beneficiary will receive a total distribution of your account. If you have begun receiving installments at the time of your death, your beneficiary may continue receiving installments or elect a total distribution of the remaining balance. If there is no beneficiary designation on record for you, or if the beneficiary does not survive you, payment will be made to your spouse if you're married; otherwise, payment will be made to your estate. You can name or change your beneficiary by accessing your account online or by calling Empower Retirement (see page 4). If you are married and name someone other than your spouse as beneficiary, your spouse must provide notarized consent.

If You Divorce

Your Plan benefit belongs solely to you (or your beneficiary, if you die). In general, it cannot be assigned to anyone else. However, if you get divorced, certain court orders could require part of your benefit to be paid to someone else, such as your former spouse. This is known as a Qualified Domestic Relations Order ("QDRO"). You will be notified if the Plan receives a QDRO that could affect your benefit. Participants and beneficiaries can obtain a copy of the Plan's QDRO procedures from Empower Retirement (see page 4), without charge.

How to Request a Distribution of Your Account

To request a distribution, you may access your account online or by calling Empower Retirement (see page 4). **Please read "*Special Tax Notice Regarding Plan Payments*" beginning on page 35, before requesting a distribution.**

You must apply for a distribution within 180 days before benefits commence. Between 30 and 180 days prior to benefits commencing, you will receive an explanation of your distribution options and your right to defer payments (and any consequences of failing to defer payments). Between 30 and

180 days prior to benefits commencing, you will also receive a notice describing how to elect a direct rollover (as described on page 23).

Tax Consequences

You don't pay taxes on before-tax contributions, Company contributions (including both matching and retirement contributions), before-tax rollover contributions, or any investment earnings when they go into the Plan. Therefore, those amounts are taxable when they are paid out to you. This deferral of taxes is a major advantage of participating in the Plan.

You pay taxes on your after-tax contributions and after-tax rollover contributions before they go into the Plan, so these contributions will not be taxed when they are paid to you, either as an in-service withdrawal, as a hardship withdrawal, or as a final distribution. However, earnings on after-tax contributions are taxable when they are paid to you.

You pay taxes on your Roth contributions and Roth rollover contributions before they go in the Plan, so these contributions will not be taxed when they are paid to you. Earnings on these contributions will also not be taxed when they are paid to you if your distribution is after the end of the fifth full year starting with the year in which you made your first Roth contribution to the Plan, and you have attained age 59½ or are disabled.

As a general matter, tax laws are complicated and subject to change, so you should consult a tax advisor before taking a withdrawal or distribution from the Plan.

Distribution of After-Tax Contributions

After-tax contributions are not taxed at the time of withdrawal. However, earnings on after-tax contributions are taxable if you make a withdrawal. According to IRS regulations, an in-service withdrawal of after-tax contributions would work as follows:

- Your withdrawal is taken first from contributions made before 1987 without any of the earnings attributable to them. Because these amounts are entirely after-tax contributions, you pay no taxes.
- If your withdrawal of after-tax contributions is larger than the total of your after-tax contributions made before 1987, then the rest of your withdrawal of after-tax contributions is considered to be made up of a prorated portion of your after-tax contributions made after December 31, 1986, and the investment earnings associated with your after-tax contributions. The earnings portion of the withdrawal is considered taxable.

To determine how much of your withdrawal is taxable, you need to consider how much of your total after-tax account balance is made up of earnings.

Taxation of Final Distributions

Generally, final distributions (less your after-tax contributions, Roth contributions, and earnings in a qualified Roth distribution) are subject to income tax in the year received, unless the taxable portion is rolled over into an IRA or another eligible plan.

Withholding Rules

The IRS requires the Plan to automatically withhold 20 percent of the taxable portion of certain withdrawals and distributions from your Plan account. In general, this includes the taxable portion of any payment made to you other than installments paid out over 10 years or more.

The 20 percent withholding is an advance (estimated) payment on the income taxes you owe on the taxable portion of your withdrawal or distribution. Consult a tax advisor regarding your individual circumstances.

You can avoid the 20 percent withholding by making a direct rollover of your withdrawal or distribution to an IRA, or another eligible plan that accepts rollovers.

Withholding requirements are explained in more detail under “*Special Tax Notice Regarding Plan Payments*” beginning on page 35.

Early Withdrawal Penalty Tax

The IRS applies a 10 percent early withdrawal penalty tax on the taxable portion of any payment you receive before age 59½, unless one of the exceptions below applies. This tax is in addition to regular income taxes and is not automatically withheld. You are responsible for paying this tax when you file your tax return for the year you received the distribution. The tax does not apply if:

- you die;
- you become totally disabled;
- you terminate employment or retire during or after the year in which you reach age 55;
- you roll over the taxable portion of your payment;
- your distribution is made in installment payments over 10 or more years;
- your distribution is used to pay for certain tax-deductible medical expenses; or
- the distribution is made subject to a QDRO.

For more detailed information regarding taxation of distributions and your rollover options, see “*Special Tax Notice Regarding Plan Payments*” beginning on page 35.

Administrative Information

The EP Energy 401(k) Retirement Plan Committee (“Retirement Committee”) has the sole authority to administer the Plan and to appoint and remove the Trustee.

The Trustee has the responsibility for the administration of the trust and the management of the assets held under the trust. No fiduciary guarantees the trust fund in any manner against investment loss or depreciation in asset value.

Retirement Committee

The Retirement Committee is a committee of three or more members. Each Retirement Committee member is an employee of EP Energy and has been appointed by the Chief Executive Officer of EP Energy. The Plan provides that the Retirement Committee has all powers necessary for the administration of the Plan and is the “Plan Administrator.” The Retirement Committee may designate any person, partnership or corporation to carry out any of its responsibilities under the Plan.

Plan Expenses

Plan expenses are paid from several sources.

- Every quarter, a per participant administrative charge will be deducted from your account to cover the cost of administering the Plan. This charge applies equally to each participant, regardless of your investment elections. The Retirement Committee will determine the amount of this charge, which may change from time to time. All quarterly charges will be disclosed on your account statement.
- Other Plan expenses are paid with amounts netted out of the investment returns of particular investments. You may refer to the fund prospectus (if available) or other fund descriptions available from Empower Retirement for more information about the investment fees associated with each fund. You will receive an annual notice of fees and expenses paid from Plan assets. This information is available online or through Empower Retirement (see page 4).
- In general, you do not pay any sales commissions or transaction costs when you initially invest in an investment fund, or subsequently transfer funds within your account from one investment fund to another.
- Fees are also deducted from the accounts of individual participants based on particular transactions or services. For example, a loan fee will be deducted from the account of a participant who takes out a loan. Similarly, an overnight mailing fee will be deducted from your account if you request an expedited overnight mail delivery, in lieu of regular first class mailing. These fees will be disclosed on your account statement.

- If your account balance is less than the administrative cost of making the distribution, the administrative cost may be charged to your account prior to distribution. As a result, your account balance would be zero and no distribution would be made.
- Finally, the Company may pay Plan expenses, from time to time, at its discretion.

Claims and Appeals

The Retirement Committee has the authority to interpret Plan provisions and render claim decisions based on the interpretation. Plan provisions include the benefits payable to any participant or beneficiary and the right of any participant or beneficiary under the Plan.

Any person who believes that he or she is entitled to any benefit or right provided under the Plan has the right to file a written claim with the Claims Administrator. The Claims Administrator is one or more persons designated by the Retirement Committee to decide claims.

- a. Submission of Claim. A claim for benefit payment is considered filed when a written request is submitted to the Claims Administrator. The Claims Administrator shall respond to a claim in writing or electronically. An authorized representative may act on behalf of a participant or beneficiary (“Claimant”) who claims benefits.
- b. Notice of Denial. Any time a claim for benefits is wholly or partially denied, the Claimant will be given written or electronic notice of such action within 90 days after the claim is filed, unless special circumstances require an extension of time for processing. If there is an extension, the Claimant will be notified of the extension and the reason for the extension within the initial 90-day period. The extension shall not exceed 180 days after the claim is filed.

The denial notice will indicate: i) the reason for denial, ii) the specific provisions of the Plan on which the denial is based, iii) an explanation of the claims appeal procedure including the time limits applicable to the procedure and a statement of the Claimant’s right to bring a civil action under ERISA Section 502(a) within one year after the date of the final decision on the claim appeal, and iv) a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary.

- c. Right to Request Review. Any Claimant who has had a claim for benefits denied by the Claims Administrator, who disputes the benefit determination, or is otherwise adversely affected by action of the Claims Administrator, shall have the right to request a review by the Retirement Committee. The Retirement Committee shall provide a full and fair review that takes into account all comments, documents, records, and other information submitted relating to the claim, without regard to whether the information was previously submitted or considered in the initial benefit determination. Such request must be in writing, and must be made within 60 days after the Claimant is advised of the Claims Administrator’s action. If written request for review is not made within such 60-day period, the Claimant shall forfeit his or her right to review. The Claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits. The Claimant may submit written comments, documents, records, and other information relating to the claim.
- d. Review of Claim. The Retirement Committee will then review the claim. The Retirement Committee may hold a hearing if it is deemed necessary and shall issue a written decision

reaffirming, modifying, or setting aside the initial determination by the Claims Administrator within a reasonable time and not later than 60 days after receipt of the written request for review, or 120 days if special circumstances, such as a hearing, require an extension. If an extension is required, the Claimant will be notified in writing or electronically within the initial 60-day period of the extension, the special circumstances requiring the extension, and the date by which the Retirement Committee expects to render a determination.

A copy of the decision will be furnished to the Claimant. The decision will set forth the specific reasons for the decision and specific Plan provisions on which it is based, a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim, and a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) within one year after the date of the final decision on the claim appeal. The decision will be final and binding upon the Claimant and all other persons involved.

Your Current Contact Information

From time to time, the Plan sends important information about the Plan to participants. You are responsible for providing your current mailing address to the Plan and updating the Plan each time your address changes. Distribution checks and other important Plan information will be sent to your most recent address in the Plan's records. If you are due a benefit and you cannot be located, your benefit may be forfeited, subject to reinstatement if you later contact the Plan and provide a current address.

Employment Status

The Plan is not a contract of employment nor consideration for your employment. The Plan is not a guarantee of continued employment with EP Energy or any participating employer.

Amendment and Termination of The Plan

EP Energy, the sponsor of the Plan, currently intends to continue the Plan indefinitely but retains the right to change, suspend, or terminate the Plan, in whole or in part, at any time and for any reason without notice to or the consent of any person.

Plan Documents Control

This summary is known as a Summary Plan Description ("SPD"). All of the Plan documents are available from Empower Retirement. The SPD is an overview only, and the statements in the SPD are written to be read as a whole. You should not rely on statements or explanations taken out of context. Subsequent changes to the Plan and the SPD may be communicated in written materials such as newsletters, postings, and flyers.

In the event of any inconsistency between any communication regarding the Plan and the Plan documents, the Plan documents shall control in all cases. Specifically, in the event of any inconsistency between this SPD and any Plan documents, the Plan documents shall control in all cases.

The Retirement Committee has the sole and exclusive authority to interpret the Plan documents, except where it has delegated that authority.

General Information

Information About The Plan

Name of Plan	EP Energy 401(k) Retirement Plan
Plan Number	001
Sponsor of Plan	EP Energy Global LLC P.O. Box 4660 Houston, TX 77210-4660
Sponsor's IRS Employer Identification Number	76-0637534
Name of Plan Administrator	EP Energy 401(k) Retirement Plan Committee ("Retirement Committee")
Address of Plan Administrator	Retirement Committee c/o EP Energy Global LLC P.O. Box 4660 Houston, TX 77210-4660
Phone Number of Plan Administrator	(713) 997-2103

Plan Year

For accounting purposes, the Plan Year is the calendar year.

Plan Type

The Plan is a defined contribution profit sharing plan that contains a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code.

Service of Process

The agent for service of legal process is:

Corporate Secretary
EP Energy Global LLC
P.O. Box 4660
Houston, TX 77210-4660

Legal process may also be served on any member of the Retirement Committee or the Trustee.

Sources of Plan Funding

The Plan is funded by the contributions made by Plan participants and participating employers. The contributions are held in the Trust for the EP Energy 401(k) Retirement Plan. The name and address of the Trustee are:

JPMorgan Chase Bank, N.A.
3 Metro Tech Center, 5th Floor
Brooklyn, N.Y. 11245

Participating Employers

Listed below are the participating employers under the Plan, in addition to EP Energy Global LLC, as of December 31, 2017:

EP Energy Management, L.L.C.

Pension Benefit Guaranty Corporation

The Plan is a defined contribution plan. Defined contribution plans are not eligible to be insured by the Pension Benefit Guaranty Corporation.

Qualified Status

The Plan is intended to be a qualified plan under Section 401(a) of the Internal Revenue Code and shall be administered in a manner consistent with this intention. The Retirement Committee shall interpret the provisions of the Plan and this SPD accordingly.

If The Plan is Top Heavy

Under federal tax laws, in the unlikely event that the total value of the accounts for certain key employees exceeds 60 percent of the total benefits payable from the Plan, the Plan is considered “top heavy.” When a plan becomes top heavy, certain Plan improvements may be required and affected participants will be notified.

Account Statements

The value of your account including the separate value of each investment is updated on a daily basis. Your account statement will also show your vesting status for each account. To request a current account statement go online or call Empower Retirement (see page 4).

Use of Your Account Balance

In general, your creditors cannot collect your account balance under the Plan, and you may not pledge or assign your account balance to secure or pay debts. One exception is when the Plan is required to pay amounts under certain court orders relating to child support, alimony payments, or property settlements rights. Also, the federal government could collect any federal tax levies or judgments for unpaid taxes from your account.

Situations Affecting Benefits

The Plan exists to benefit you and your beneficiaries. But in some situations, your benefits could be affected:

- If you terminate employment and do not apply for benefits, payments will be delayed until you apply for them. However, you must commence receiving your benefit by the April 1st next following the year in which you attain age 70½. It is your responsibility to keep the Retirement Committee informed of any change in your address and contact the Plan to request benefit commencement.

- Your benefits may be paid to a family member on your behalf or to a court-appointed representative if you become unable to care for your affairs.
- Your benefits could be reduced by a Qualified Domestic Relations Order (“QDRO”) applicable to your benefits, if received by the Plan Administrator.
- The value of your account could decline due to investment losses.

ERISA Section 404(c) Compliance

EP Energy intends that the Plan constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and as such, Plan fiduciaries may be relieved of liability from any losses that are the direct result of participants’ or beneficiaries’ investment directions. Because the Plan is intended to give you control over your Plan accounts, the selection of your investments and timing of your investment choices are solely your responsibility.

Additional Investment Information Available Upon Request.

In addition to the investment information provided in this SPD, you have a right to receive the following investment information on request, to the extent that it is available to the Plan:

- **Operating Expenses** - a description of the annual operating expenses of each fund choice that reduce your rate of return, and the aggregate amount of such expenses expressed as a percentage of average net assets of the fund choice.
- **Investment Materials** - copies of any prospectuses, financial statements and reports, and other materials relating to the fund choices, to the extent that such information is provided to the Plan.
- **Asset Information** - a list of assets comprising the portfolio of each fund choice, the value of each such asset, and, if the asset is a fixed-rate investment contract issued by a bank, savings and loan association, or insurance company, the name of the issuer of the contract, the term of the contract, and the rate of return on the contract.
- **Performance Information** - information concerning the value of shares or units in the fund choices and the past and current investment performance of the fund choices, net of expenses.
- **Account Information** - information concerning the value of shares or units in fund choices held in your account.

The Retirement Committee has delegated the responsibility for providing the above-listed information to Empower Retirement. This information is available from Empower Retirement online or through Empower Retirement (see page 4).

Any descriptions of risk and return are based on historical data and estimates. The descriptions and data are intended only as guides to past performance, and are not indications of future performance or relative risk.

The information set forth in this SPD is based on investment fund options, Plan documents, and amendments that are in effect on December 31, 2018.

Statement of ERISA Rights

As a participant in the 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, 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 Plan Administrator may charge a reasonable amount 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.

Obtain a statement of your total account balance and vesting status, including how many more years you must work to become vested, if applicable. This statement must be requested in writing and is not required to be given more than once every twelve months. The Plan must provide the statement free of charge.

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 Plan. 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, 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 \$152 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan 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 the 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.

Plan Administrator

As Plan Administrator, the Retirement Committee reserves the absolute authority and discretion to interpret and administer the Plan, including resolving any discrepancies, supplying any omissions, and correcting any defects. The Retirement Committee also reserves the absolute authority and discretion to make all determinations under the Plan, such as decisions concerning eligibility and benefits, including factual determinations. Subject only to the Plan's claims review procedure, all decisions affecting the Plan that are made by the Retirement Committee will be final and binding.

Special Tax Notice Regarding Plan Payments

The following notices explain how you can continue to defer federal income tax on your retirement savings distributed from the Plan, and contains important information you will need before you decide how to receive your Plan benefits.

For Payments Not From a Designated Roth Account

Your Rollover Options

You are receiving this notice because all or a portion of a payment you may receive from the EP Energy 401(k) Retirement Plan (“Plan”) is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the “General Information About Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

General Information About Rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10 percent additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10 percent additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20 percent of the payment for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20 percent withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10 percent additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½; (or after death)
- Hardship distributions
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10 percent additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10 percent additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10 percent additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability

- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days

If I do a rollover to an IRA, will the 10 percent additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10 percent additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10 percent additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

Special Rules And Options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the

after-tax contributions are included in a payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, if you do not arrange to continue payments when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10 percent additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10 percent additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10 percent additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you do a rollover to a designated Roth account in the Plan

You cannot roll over a distribution to a designated Roth account in another employer's Plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10 percent additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10 percent additional income tax on early distributions (unless an exception applies).

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10 percent additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10 percent additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10 percent additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10 percent additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10 percent additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20 percent, the Plan is generally required to withhold 30 percent of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

For More Information

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

For Payments From a Designated Roth Account

Your Rollover Options

You are receiving this notice because all or a portion of a payment you may receive from the EP Energy 401(k) Retirement Plan (“Plan”) is eligible to be rolled over to a Roth IRA or designated Roth account in an employer plan. This notice is intended to help you decide whether to do a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that is not from a designated Roth account, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a designated Roth account are described in the “General Information About Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

General Information About Rollovers

How can a rollover affect my taxes?

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a 10 percent additional income tax on early distributions will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

Where may I roll over the payment?

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan or section 403(b) plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

How do I do a rollover?

There are two ways to do a rollover. You can either do a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit within 60 days into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10 percent additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20 percent of the earnings for federal income taxes. This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20 percent withheld.

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship distributions
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10 percent additional income tax on early distributions?

If a payment is not a qualified distribution and you are under age 59½, you will have to pay the 10 percent additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings not rolled over.

The 10 percent additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death

- Corrective distributions of contributions that exceed tax law limitations
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days

If I do a rollover to a Roth IRA, will the 10 percent additional income tax apply to early distributions from the IRA?

If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10 percent additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10 percent additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- There is no special exception for payments after separation from service.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

Special Rules And Options

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, if you do not arrange to continue payments when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and, if the distribution is a nonqualified distribution, the earnings in the loan offset will be taxed (including the 10 percent additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the earnings in the loan offset to a Roth IRA or designated Roth account in an employer plan.

If you receive a nonqualified distribution and you were born on or before January 1, 1936

If you were born on or before January 1, 1936, and receive a lump sum distribution that is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan. Also, the 10 percent additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you receive a nonqualified distribution and you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10 percent additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10 percent additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10

percent additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

Payments under a qualified domestic relations order. If you are the spouse or a former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment as described in this notice).

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20 percent, the Plan is generally required to withhold 30 percent of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year (only including payments from the designated Roth account in the Plan) are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you can do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

For More Information

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.