



Driven to Create Value

Scotia Howard Weil 2016 Energy Conference

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Forward Looking Statements

This Presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to, among other things:

- the ability to maintain and benefit from our competitive advantages; • our ability to execute on our strategic priorities, including operational efficiency and effectiveness, high performing culture, value-driven growth, value chain optimization and financial discipline, as well as the potential impact of such execution; • EBITDA estimates, growth and targets for Tesoro, Tesoro Logistics LP (“TLLP”) and various portions of their businesses (including the EBITDA contribution from new business investments and business improvements); • expectations regarding annual improvements in throughput and capture rates, annual business improvements, and new business investments; • the market outlook, including expectations regarding the Tesoro index, marketing margins, the balance between refined product production and demand, crude oil differentials and refined product exports; • expectations regarding operational availability, refining utilization and gross margin capture; • our advantaged refining network, including access to and volume of advantaged feedstocks, transportation and logistics advantages, concentrated product demand markets, and gross margin advantages; • the advantages of our refining flexibility; • anticipated spending for turnarounds, sustaining capital and growth capital and the benefits of such spending; • the cost, timing and benefits of our Los Angeles integration and compliance project, our the Port of Vancouver marine terminal joint venture, our mixed xylenes project, our isomerization project, and other major projects (including capital projects, organic projects designed to create new business opportunities, and strategic acquisitions by both Tesoro and TLLP), including expectations regarding anticipated rates of return and incremental EBITDA improvements; • the global market for mixed xylenes, transportation advantages and our potential competitiveness as a supplier of xylene; • the cost, timing and results of our logistics growth strategy, including TLLP’s asset optimization and organic growth opportunities, opportunities for strategic third-party and Tesoro acquisitions, and the expansion of TLLP’s third-party business; • the potential earnings generated by possible future logistics asset sales to TLLP; • TLLP’s strategic approach to acquisitions; • expectations regarding TLLP continuing to drive unitholder value; • our plans to create additional value through our marketing business, including enhancements to the existing business, organic growth, and strategic acquisitions, including targeted business improvements, branded volumes and retail site counts; • maintaining Tesoro’s financial priorities and executing its financial strategy, including expectations for free cash flow, targeted returns for capital projects and delivering best-in-class return on invested capital, maintaining minimum cash balances, target debt capitalization levels, target leverage levels, achievement and benefits of investment-grade credit ratings, continued dividend growth, and returning cash to shareholders; • the anticipated percentage of our EBITDA generated by refining, marketing and logistics assets; • the multiple applicable to Tesoro’s general partner interest in TLLP and the implied value of Tesoro’s stake in TLLP; and • enhanced commercial opportunities and other growth prospects for both Tesoro and TLLP.

We have used the words “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “should”, “will” and similar terms and phrases to identify forward-looking statements in this Presentation.

Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Our operations and anticipated transactions involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct.

Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a variety of factors which are described in greater detail in our filings with the SEC. All future written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the previous statements. We undertake no obligation to update any information contained herein or to publicly release the results of any revisions to any forward-looking statements that may be made to reflect events or circumstances that occur, or that we become aware of, after the date of this Presentation.

We have included various estimates of EBITDA and free cash flow, each of which are non-GAAP financial measures, throughout the presentation. Please see Appendix for the definition and reconciliation of these EBITDA and free cash flow estimates.

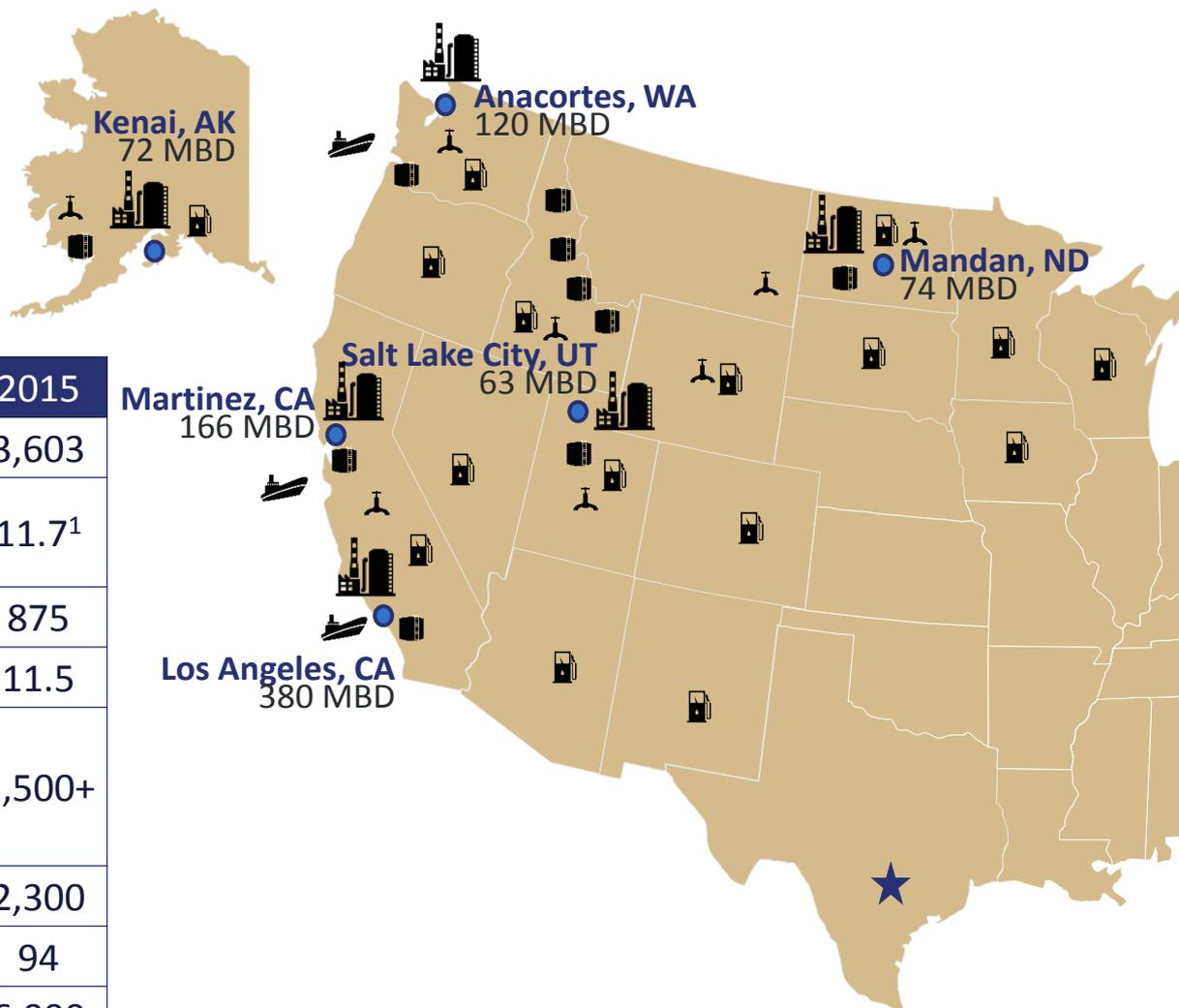
Tesoro's Competitive Advantage

- The **leading** integrated **refining, marketing and logistics company** in our strategic footprint
- Driving significant **business improvements** and creating **sustainable earnings growth**
- Demonstrated **track record of delivering results** and achieving ambitions
- Well diversified earnings portfolio with **strong growth** opportunities
- **Disciplined approach** to capital allocation to create significant shareholder value



Changes in Tesoro's Business 2010 - 2015

Key Metrics	2010	2015
EBITDA (\$ in millions)	551	3,603
Enterprise Value (\$ in billions)	3.5	11.7 ¹
Refining Capacity (MBD)	665	875
Refining Complexity	9.8	11.5
Crude oil, refined product and natural gas pipelines (miles)	900+	3,500+
Branded Retail Stations	880	2,300
Marketing Integration (%)	31	94
Employees	5,300	6,000



1) as of 2/12/2016

Strategic Priorities

- **Operational efficiency and effectiveness**
 - Safety and reliability
 - Cost leadership
 - System improvements
- **Value Chain Optimization**
- **Financial discipline**
- **Value-driven growth**
- **High Performing Culture**



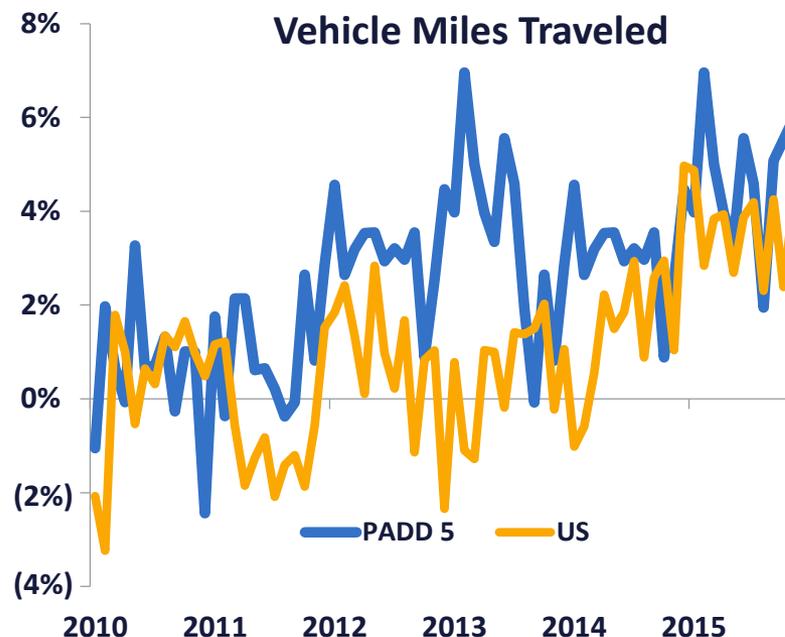
Enduring commitment to execution

PADD V Shows Strong Rebound

PADD V Supply Demand Balance

Dec 2014 - Nov 2015

Average MBD	Production ¹	Demand
Gasoline	1,357	1,574
Diesel	592	531
Jet	426	467
Total	2,375	2,572



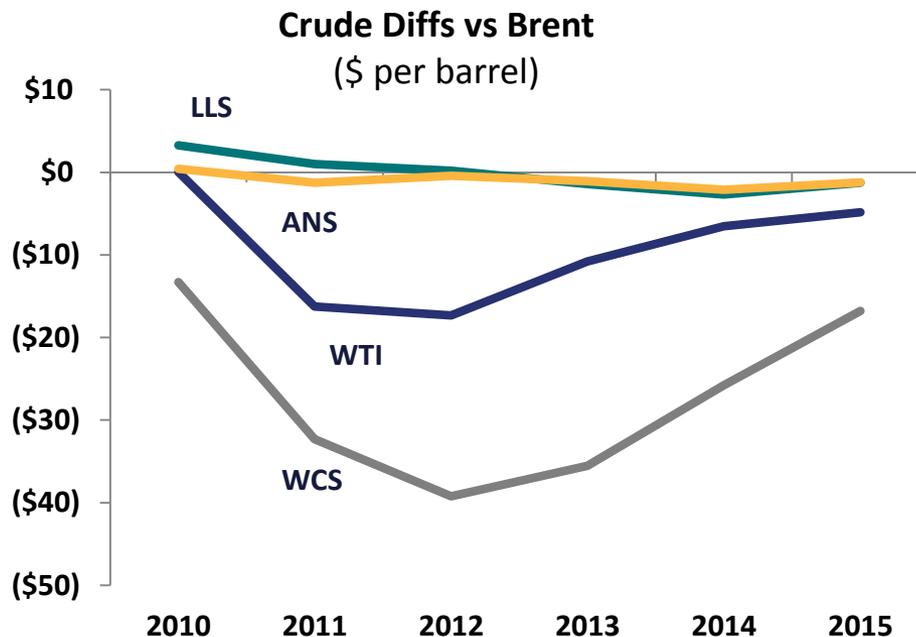
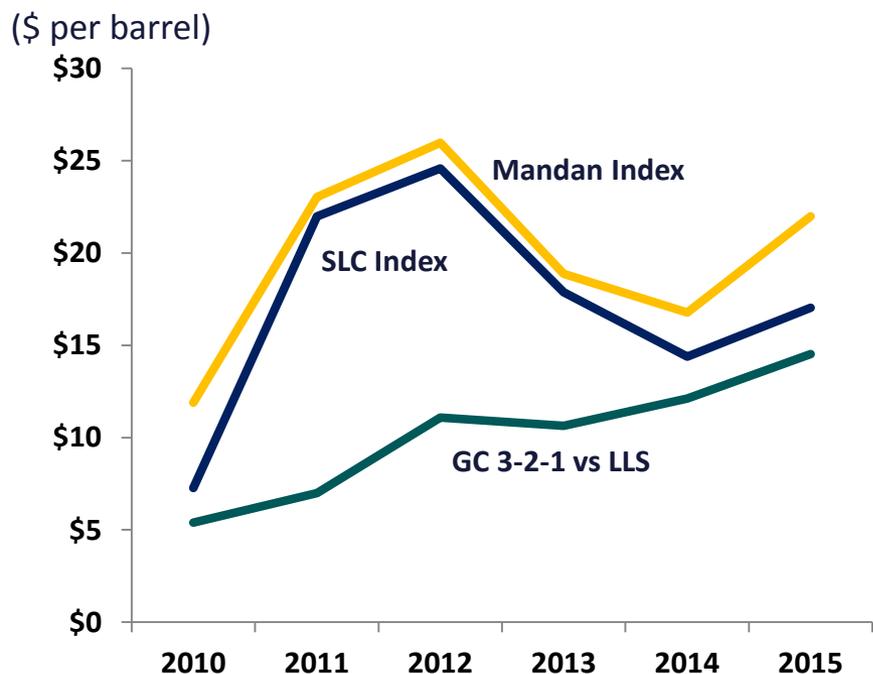
- PADD V gasoline/jet requires imports from domestic and foreign supplies
- Diesel production marginally exceeds demand requiring export
- Vehicle Miles Traveled **consistently outpacing** the U.S. average

Source : PADD V Supply and Demand Balance: EIA

1) Production = Prod Supplied adjusted for Foreign and InterPADD imports/exports (plus 9.5% EtOH for gasoline)

Source: Vehicle Miles Traveled: FHWA

Mid-Continent Continues as a Strong Market



- Favorable market conditions expected to continue
- Lower crude oil price environment supportive to product demand
- Crude oil differentials expected to be narrower than 2011-2015 period

Successfully Delivered Growth During 2015

2015 commitment from 2014 Investor and Analyst Day

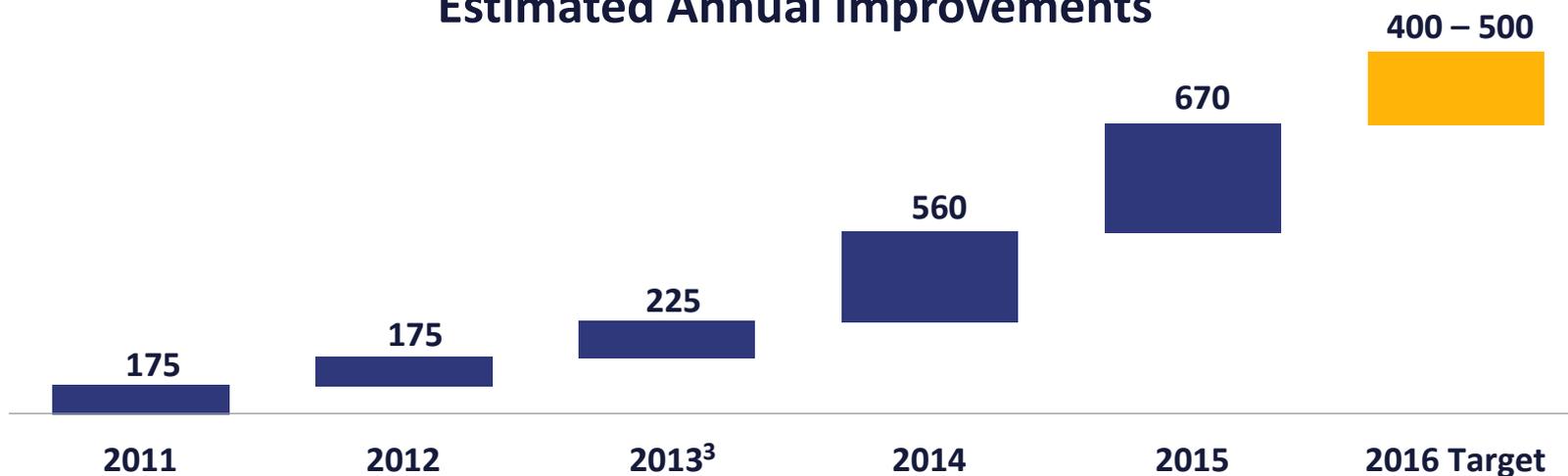
(\$ in millions)	2015 Target	2015 Estimated Improvements
Deliver West Coast Improvements	95 - 125	200
Capture Margin Improvements	130 - 170	150
Grow Logistics	325 - 375	320
Total	550 - 670	670

- Continued **strong execution of West Coast business** improvements
- Strong **growth and exceptional execution in the logistics business** despite current commodity price environment

Clear Plan for Improvements in 2016

(\$ in millions)	2016 Target
Refining ¹	200 - 250
Logistics ¹	175 - 200
Marketing	25 - 50
Business Improvements	400 - 500
Higher Utilization and Capture²	500 - 600
Total Improvements	900 - 1,100

Estimated Annual Improvements



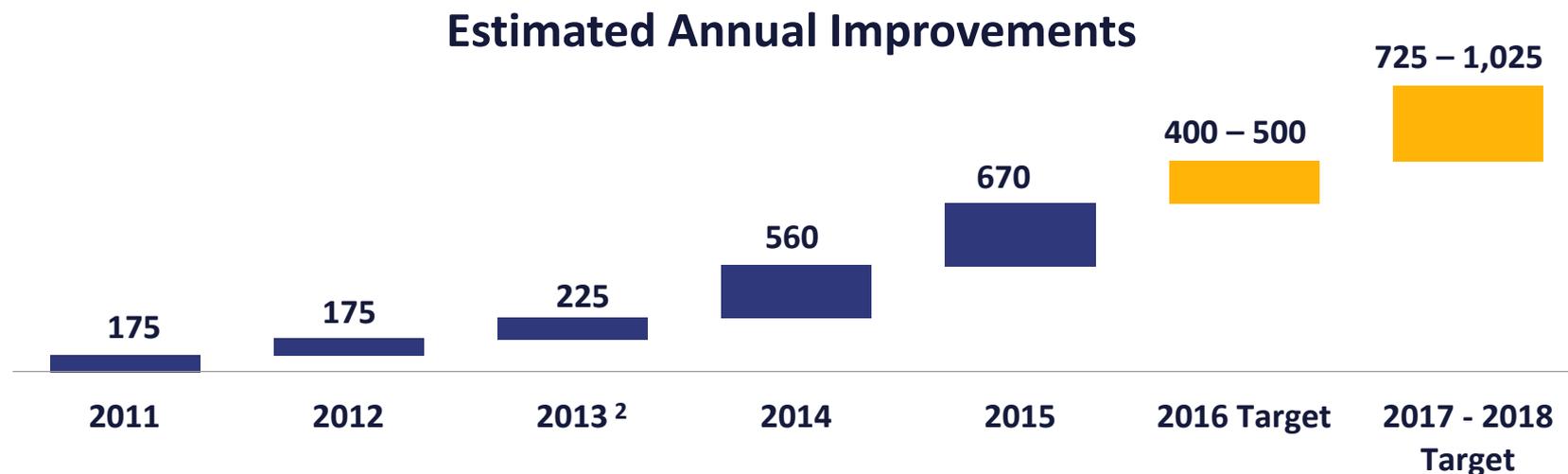
1) Includes a drop-down of \$50-75 million of earnings from Refining to Logistics

2) Improvement assumes no labor disruption in 2016

3) 2013 excludes Carson acquisition

Growth in Improvements Beyond 2016

(\$ in millions)	2017 – 2018 Target
Refining ¹	100 - 200
Logistics ¹	250 - 275
Marketing	325 - 450
New Business Investments	50 - 100
Total	725 - 1,025



1) Includes a drop-down of \$50-75 million of earnings per year from Refining to Logistics

2) 2013 excludes Carson acquisition

Highly Competitive Refining System

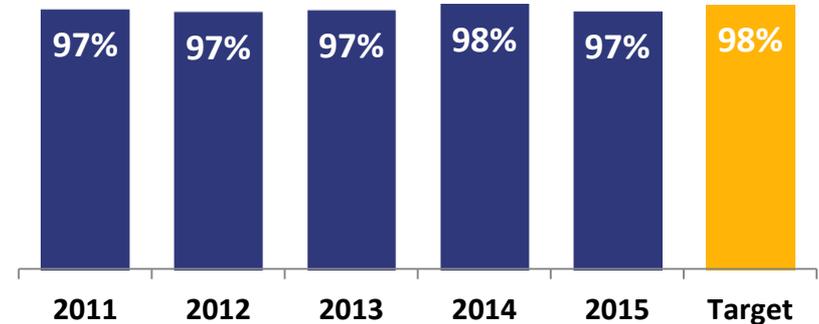
- **Regionally advantaged** crude oil access
- System-wide value chain optimization resulting in **strong gross margin capture**
- Operational excellence **enabling world class** asset availability of >97%
- Business Improvement conviction **delivering an estimated \$200 million** annually
- High Performing Culture **driving continuous improvement**
- **Strategic projects** enhance feedstock flexibility, yields and lower costs



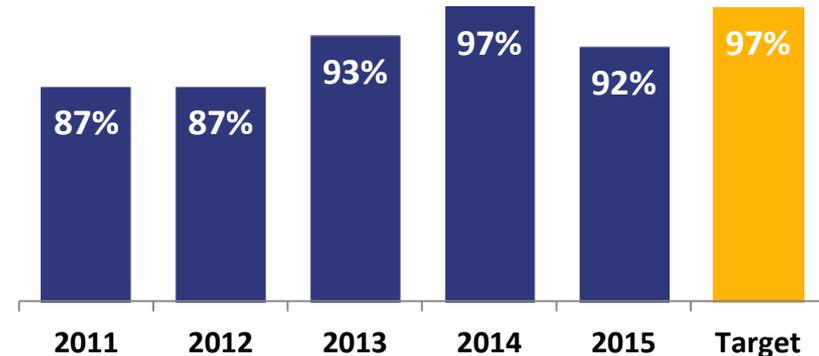
Driving High Reliability and Utilization

- Sustaining **World Class availability** via mechanical integrity programs and reliability investments
- **High Utilization** to meet market demand
- Leadership driven **Operational Execution** and management systems standardization

Operational Availability

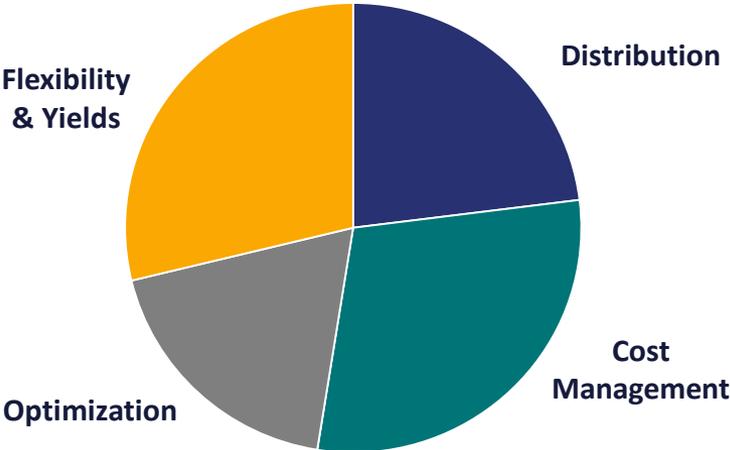


Refining Utilization



Business Improvements Bolstering Earnings Growth

- Targeting \$200 million of annual improvement



- Driving \$150 million of operating expense savings relative to peers by 2018¹



1) Relative to peers as reported in Worldwide Fuels Refinery Benchmarking Study (“Solomon Study”)

Strategic Investments for Distinctive Value

- **Creating advantage through integration**
 - Los Angeles Refinery Integration and Compliance Project
- **Changing** the West Coast crude oil supply dynamics
 - Vancouver Energy Project
- **Capturing higher margins** in a high growth market
 - West Coast Mixed Xylenes Project
 - Anacortes Isomerization Project



Creating Competitive Advantage at the Los Angeles Refinery

Los Angeles Integration and Compliance Project

- Completes full integration of Los Angeles Refinery
- Provides 30 to 40 MBD of **gasoline and distillate yield flexibility**
- Improves intermediate feedstock **flexibility**
- **CO₂ emissions reduced** over 300,000 tons annually¹
- Reduces NOx, SOx and CO emissions

Estimated Project Details

- CAPEX \$460 million
- EBITDA \$100 million
- IRR 20%²

Enhancing West Coast competitive position



1) CO2 reduction associated with expected operations

2) Includes benefits from capital avoidance

Supplying Advantaged Crude Oil to the West Coast

Vancouver Energy Project

- Joint venture with Savage Companies
- Up to 360 MBD Rail-to-Marine Terminal
- Most efficient route to West Coast for Bakken crude oil
- Significant infrastructure exists; low development cost

Strategic Crude Supply

- Increases West Coast competitive crude supply
- Relative refining values of \$3 to \$5 per barrel

Logistics Growth

- Potential assets for offer to TLLP
- Tesoro a major, dedicated customer
- Significant third party revenue



Estimated Project Details

- CAPEX \$200 million¹
- EBITDA \$100 million²
- Tesoro IRR 40%+

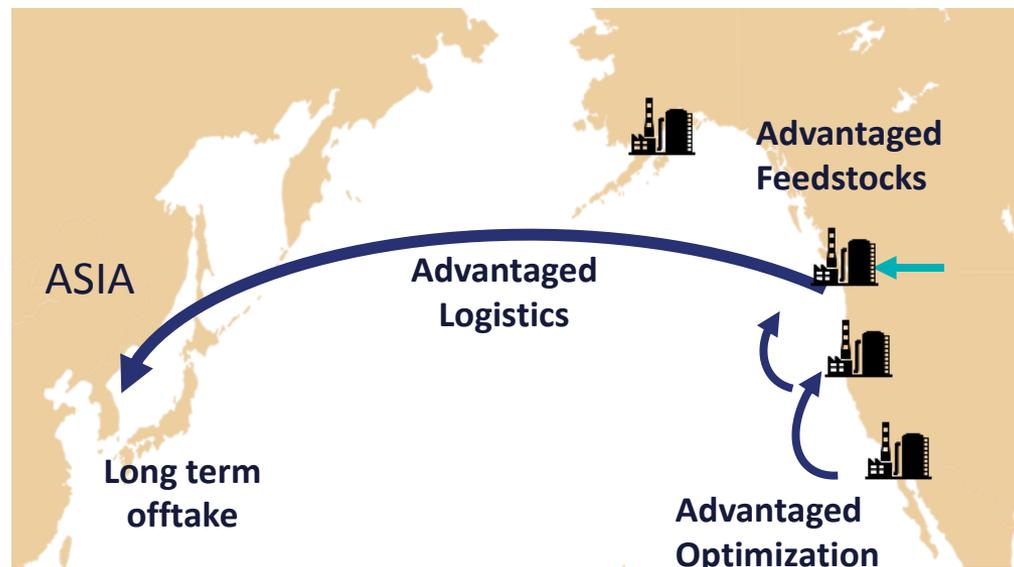
1) Tesoro and Savage capital expenditures

2) Tesoro expected EBITDA

Supplying Mixed Xylene to Asia

West Coast Mixed Xylene Project

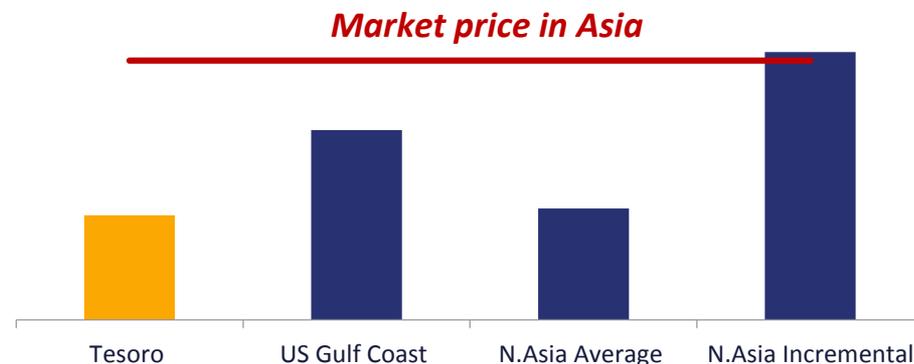
- Upgrading gasoline components to mixed xylene
- Large and growing market in Asia
- Transportation cost advantage relative to the Gulf Coast
- Manufacturing cost advantage
- New logistics business opportunity



Estimated Project Details

- CAPEX \$300 million
- EBITDA \$100 million
- IRR 20%

Relative Mixed Xylene Production Cost



Optimize Gasoline Production at Anacortes

Isomerization Project at Anacortes Refinery

- **Reduces octane** production costs
- Efficiently **meets Tier III** sulfur requirements
- **Increases** Mixed Xylenes production

Estimated Project Details

- CAPEX \$100 million
- EBITDA \$40 million
- IRR 20%



Tesoro Logistics' Competitive Advantage

- **Leading provider of logistics**

services to oil and gas producers
and refining and marketing companies
in strategic footprint



- Tesoro's strategy supports **integration** and **drives high growth**
- **Clear path to reach \$1 billion** of EBITDA by 2017
- Pursuing acquisitions that fit **integrated business model** in proximity to strategic footprint

Strategic Framework to Drive Growth

Focus on Stable, Fee-Based Business

- Provide full-service logistics offering
- Minimal commodity price exposure

Optimize Existing Asset Base

- Enhance operational efficiency and maximize asset utilization
- Capture Tesoro volumes moving through non-TLLP assets
- Expand third party business

Pursue Organic Expansion Opportunities

- Focus on low-risk, accretive growth projects
- Invest to support Tesoro value chain optimization
- Enhance and strengthen existing logistics system

Grow through Strategic Acquisitions

- Attractive opportunities in geographic footprint
- Partner in Tesoro's strategic growth
- Capture full value of Tesoro's logistics assets

Tesoro Marketing Overview

- We market fuel under premium brands



Mobil

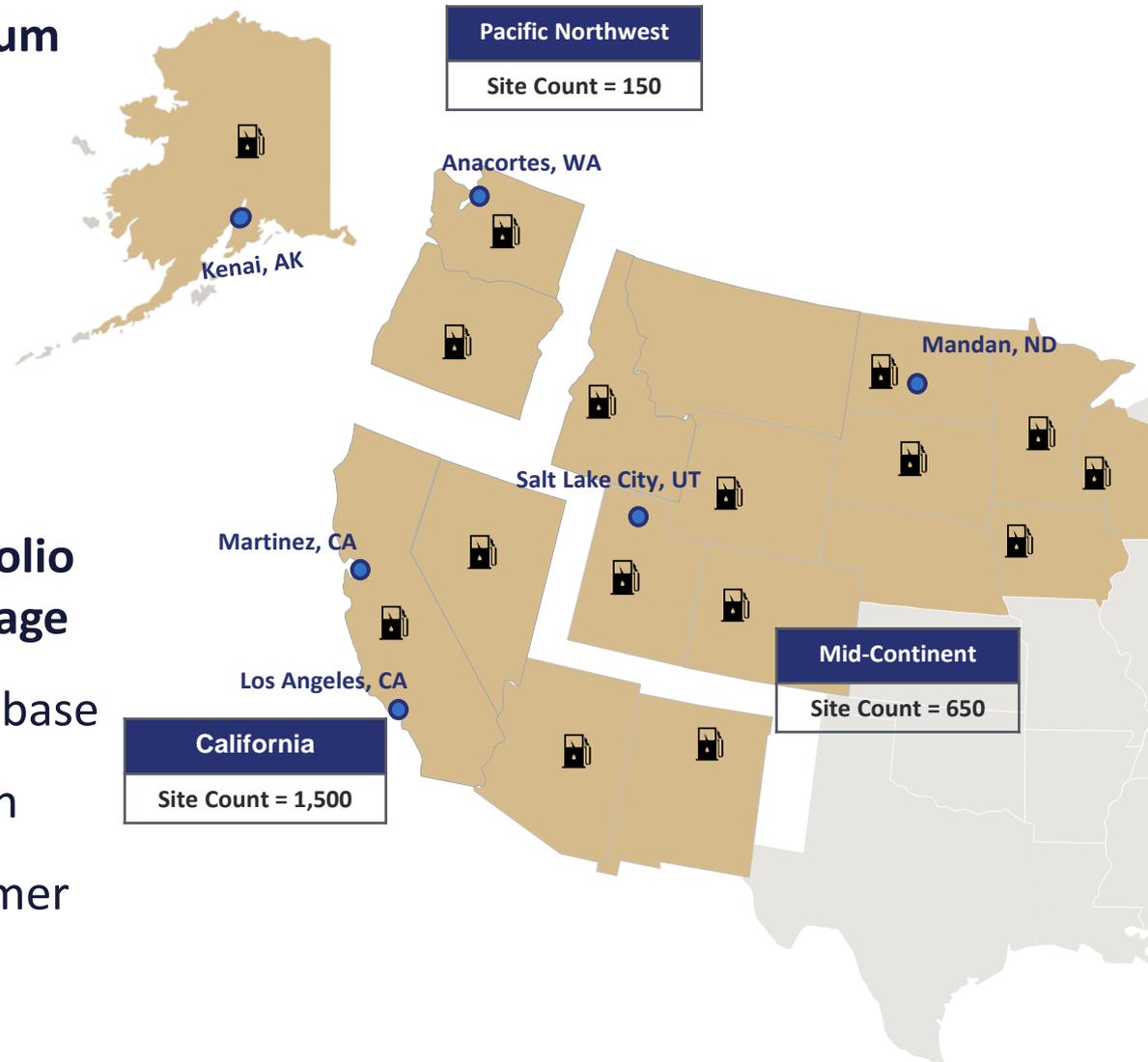


and value brands



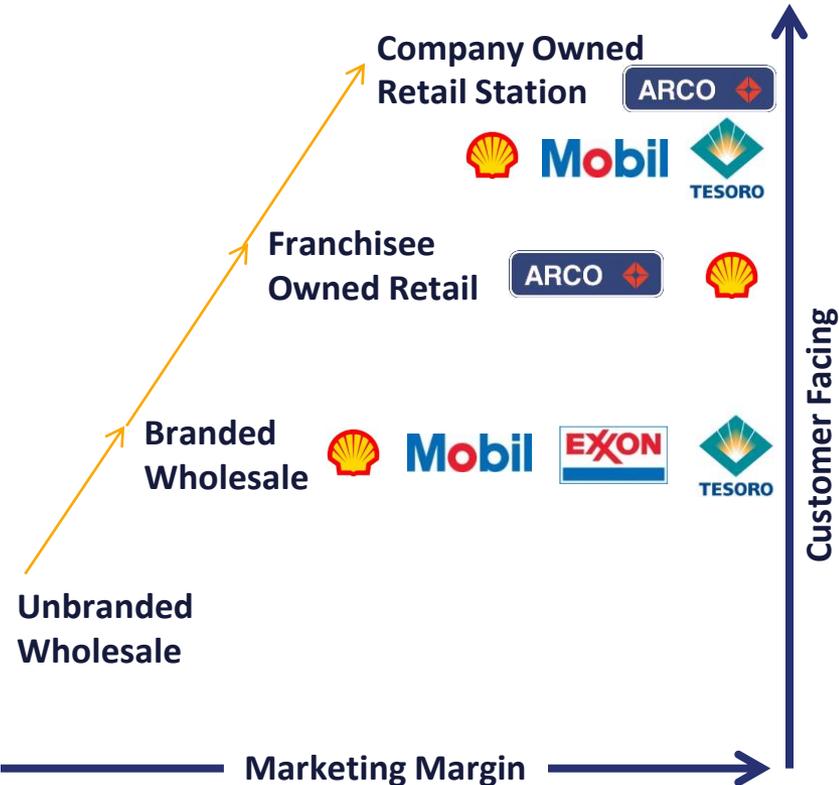
- Distinctive multi-brand portfolio provides competitive advantage

- Serves broader customer base
- Fosters more rapid growth
- Addresses regional customer preferences



Maximizing Integrated Value through Marketing

- Provides a **secure and ratable offtake**
- Enables refineries to **optimize production schedules, run economically** at maximum capacity
- **Minimizes product transportation costs** by securing in-region placement



Financial Strategic Priorities

Business Improvements Drive EBITDA and Cash Flow

- EBITDA growth of 48% CAGR from 2010-2015
 - Generated \$5.3 billion of free cash flow in 2010-2015
-

Cash Deployment Enhances Returns

- Invest in high return capital projects, target returns in excess of 20% for Tesoro and 15% for TLLP
 - Seek to deliver Best-in-Class Return on Invested Capital
-

Drive Strong Balance Sheet

- Maintain minimum cash balance of \$600 - \$800 million
 - Target TSO debt to capitalization¹ below 30%
 - Target TLLP leverage of 3 - 4 times EBITDA
 - Achieve investment grade credit rating for TSO and TLLP
-

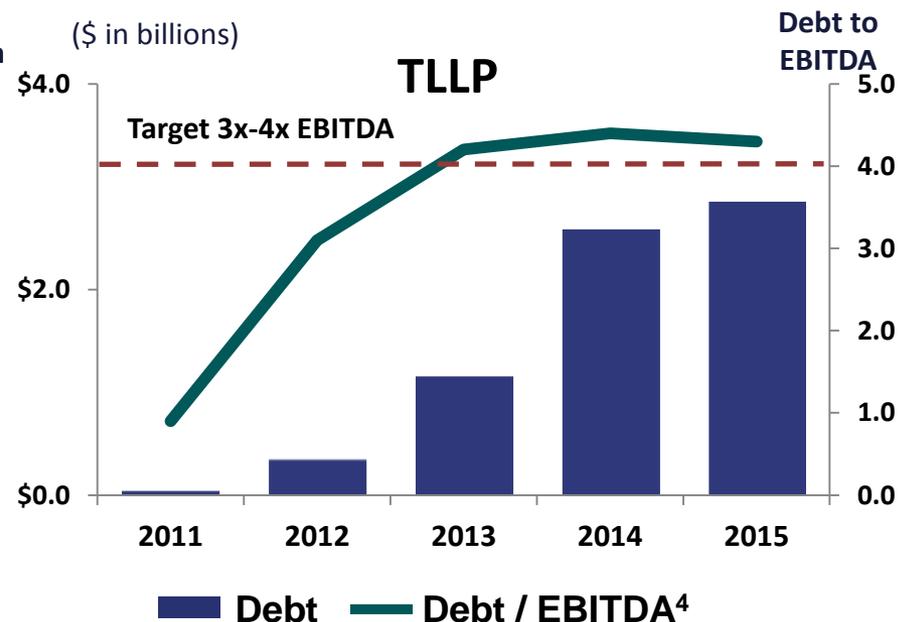
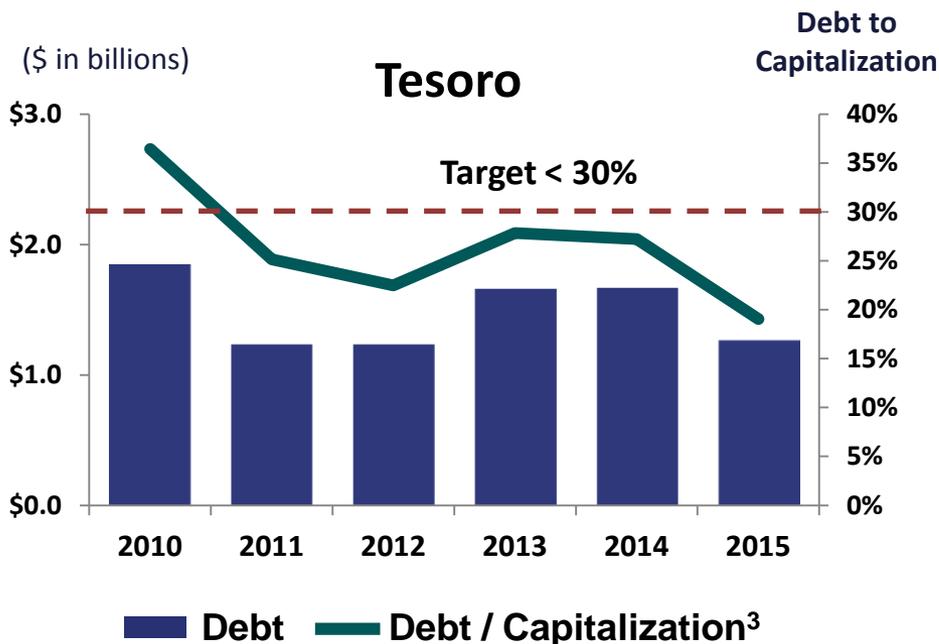
Deliver Superior Shareholder Returns

- Portfolio diversification enhances shareholder value
- Continue to grow dividends and buy back shares

1) Excluding TLLP debt and equity

Maintaining a Strong Balance Sheet

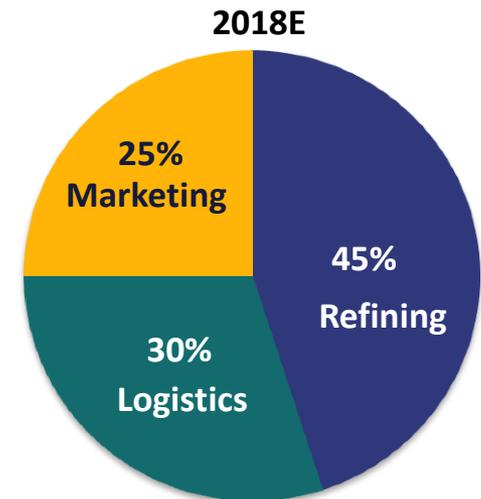
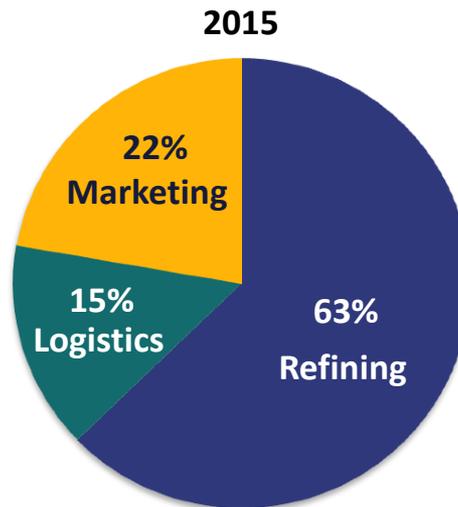
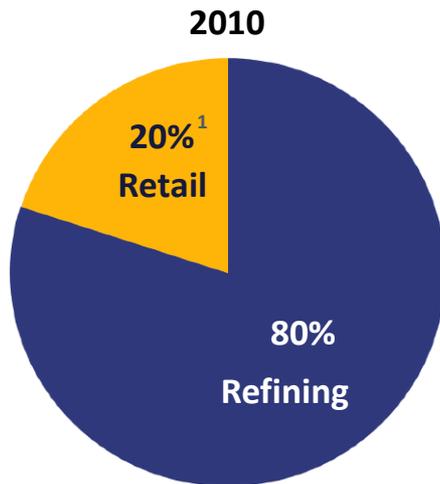
- Target TSO debt to capitalization¹ below 30% and TLLP leverage of 3 – 4 times
- Average cost of debt at Tesoro is 4.9% with a duration of 8.2 years²
- Average cost of debt at TLLP is 5.4% with a duration of 6.8 years²



1) Excluding TLLP debt and equity
 2) Cost of debt is pre-tax and issuance duration is weighted average
 3) Debt to capitalization ratio excludes TLLP total debt and non-controlling interest
 4) As defined in TLLP's Credit Agreement (Pro Forma)

Portfolio Transformation Underway

EBITDA Composition



- **Integrated business model** is essential to Tesoro's growth
- Diversified portfolio expected to have **lower earnings volatility** and improved returns on capital
- Tesoro expects to create **the most diversified earnings portfolio** among independent refining peers

1) Retail as reported in 2010

Non-GAAP Financial Measures

(In millions) Unaudited

	EBITDA Reconciliation	
	2010	
Net earnings attributable to Tesoro Corp	\$	(29)
Add (earnings) loss from discontinued operations		-
Add income tax expense		4
Add interest and financing costs, net		154
Add depreciation and amortization expense		422
EBITDA	\$	551

(In millions) Unaudited

	EBITDA Reconciliation	
	2015	
Net earnings attributable to Tesoro Corp	\$	1,690
Add loss from discontinued operations		4
Add income tax expense		936
Add interest and financing costs, net		217
Add depreciation and amortization expense		756
EBITDA	\$	3,603

(In millions) Unaudited

	Projected Annual EBITDA			
	LA Refinery Integration and Compliance Project			
	Vancouver Energy	Mixed Xylene	Isomerization	
Projected net earnings	\$ 52	\$ 59	\$ 56	\$ 22
Add income tax expense	32	36	34	14
Add depreciation and amortization expense	16	5	10	4
Projected EBITDA	\$ 100	\$ 100	\$ 100	\$ 40

Non-GAAP Financial Measures

(In millions) Unaudited

	Free Cash Flow Reconciliation						
	2010	2011	2012	2013	2014	2015	Total
Net cash flow from operating activities	\$ 385	\$ 689	\$ 1,585	\$ 859	\$ 1,364	\$ 2,131	7,013
Less sustaining (maintenance and regulatory) capital	(248)	(203)	(206)	(281)	(354)	(454)	(1,746)
Free Cash Flow Before Dividends and Distributions	\$ 137	\$ 486	\$ 1,379	\$ 578	\$ 1,010	\$ 1,677	5,267

(In millions) Unaudited

**Tesoro Logistics LP Distinctive Growth Strategy
Annual Projected EBITDA⁽¹⁾ 2017E**

	Consolidated Total	
Projected net earnings	\$	547
Add interest and financing costs, net		226
Add depreciation and amortization expense		237
Projected EBITDA⁽²⁾	\$	1,010

1) TLLP EBITDA is not representative of Tesoro consolidated EBITDA as intercompany transactions between TLLP and Tesoro are eliminated upon consolidation

2) When a range of estimated EBITDA has been disclosed and/or previously disclosed, we have included the EBITDA reconciliation for the mid-point range