

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: ☐ a multiemployer plan; ☒ a single-employer plan; ☐ a multiple-employer plan; or ☐ a DFE (specify) ____
B	This return/report is: ☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information
1a	Name of plan TESORO CORPORATION THRIFT PLAN
1b	Three-digit plan number (PN) ▶ 002
1c	Effective date of plan 04/01/1979
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) TESORO CORPORATION 19100 RIDGEWOOD PARKWAY SAN ANTONIO, TX 78259
2b	Employer Identification Number (EIN) 95-0862768
2c	Sponsor's telephone number 210-626-6000
2d	Business code (see instructions) 324110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2010	MADDEN C. THOMAS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") TESORO CORPORATION 19100 RIDGEWOOD PARKWAY SAN ANTONIO, TX 78259	3b Administrator's EIN 95-0862768 3c Administrator's telephone number 210-626-6000
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	4705
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	4169
b Retired or separated participants receiving benefits.....	6b	32
c Other retired or separated participants entitled to future benefits.....	6c	485
d Subtotal. Add lines 6a , 6b , and 6c	6d	4686
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	4687
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	4191
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	22

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2F 2H 2J 2K

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan TESORO CORPORATION THRIFT PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 TESORO CORPORATION	D Employer Identification Number (EIN) 95-0862768

Part I

Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1

Information on Persons Receiving Only Eligible Indirect Compensation

a

Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).....

☐ Yes

☒ No

b

If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b)

Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b)

Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

(b)

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	BKD, LLP	b EIN:	44-0160260
c Position:	PLAN AUDITOR		
d Address:	10001 REUNION PLACE SUITE 400 SAN ANTONIO, TX 78216	e Telephone:	210-341-9400
Explanation:		MGMT DECISION TO CONSOLIDATE AUDITS WITH FIRM THAT PERFORMS AUDIT OF TESORO CORPORATION	

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	
Explanation:			

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	
Explanation:			

a Name:		b EIN;	
c Position:			
d Address:		e Telephone:	
Explanation:			

a Name:		b EIN;	
c Position:			
d Address:		e Telephone:	
Explanation:			

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration		DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.		OMB No. 1210-0110 2009 This Form is Open to Public Inspection.	
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009					
A Name of plan TESORO CORPORATION THRIFT PLAN				B Three-digit plan number (PN) ▶ 002	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 TESORO CORPORATION				D Employer Identification Number (EIN) 95-0862768	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: TESORO CORP SAVINGS PLAN MASTER TRS					
b Name of sponsor of entity listed in (a): TESORO CORPORATION					
c EIN-PN 95-0862768-100		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 434007441	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
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a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
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a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions	

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan TESORO CORPORATION THRIFT PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 TESORO CORPORATION	D Employer Identification Number (EIN) 95-0862768	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	13349606	15685656
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	323647053	434007441
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	336996659	449693097

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	336996659	449693097
---	-----------	-----------	-----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	15573472	
(B) Participants	2a(1)(B)	35925887	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)	8416733	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		59916092

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	938308	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		938308

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		73759609
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		134614009

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	21916473	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		21916473
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		1098
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		21917571

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		112696438
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. **(2)** ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>TESORO CORPORATION THRIFT PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>TESORO CORPORATION</u>	D Employer Identification Number (EIN) <u>95-0862768</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



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Report of Independent Auditors

Employee Benefits Committee of Tesoro Corporation Thrift Plan

We were engaged to audit the accompanying statement of net assets available for benefits of Tesoro Corporation Thrift Plan as of December 31, 2009, and the related statement of changes in net assets available for benefits for the year then ended, and the supplemental schedule of assets (held at end of year) as of December 31, 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management. Other auditors were engaged to audit the statement of net assets available for benefits of Tesoro Corporation Retail Savings Plan as of December 31, 2008. Their report dated September 15, 2009, disclaimed an opinion on that financial statement as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3 as of and for the year ended December 31, 2009, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule as of and for the year ended December 31, 2009, taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

September 29, 2010

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE

Tesoro Corporation Thrift Plan
As of December 31, 2009 and 2008 and for the
Year Ended December 31, 2009
With Report of Independent Auditors

Ernst & Young LLP

TESORO CORPORATION THRIFT PLAN
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Report of Independent Auditors

Employee Benefits Committee of
Tesoro Corporation Thrift Plan

We were engaged to audit the accompanying statement of net assets available for benefits of Tesoro Corporation Thrift Plan as of December 31, 2009, and the related statement of changes in net assets available for benefits for the year then ended, and the supplemental schedule of assets (held at end of year) as of December 31, 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management. Other auditors were engaged to audit the statement of net assets available for benefits of Tesoro Corporation Retail Savings Plan as of December 31, 2008. Their report dated September 15, 2009, disclaimed an opinion on that financial statement as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3 as of and for the year ended December 31, 2009, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule as of and for the year ended December 31, 2009, taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

September 29, 2010

TESORO CORPORATION THRIFT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Investment in the Tesoro Corporation Savings Plan Master Trust.....	\$ 434,007,441	\$ 323,647,053
Participant loans.....	<u>15,685,656</u>	<u>13,349,606</u>
NET ASSETS REFLECTING ALL INVESTMENTS AT FAIR VALU	449,693,097	336,996,659
Adjustment from fair value to contract value for fully benefit-responsive investment contracts.....	<u>760,360</u>	<u>2,152,031</u>
NET ASSETS AVAILABLE FOR BENEFITS.....	<u>\$ 450,453,457</u>	<u>\$ 339,148,690</u>

See accompanying notes to the financial statements.

TESORO CORPORATION THRIFT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>
ADDITIONS:	
Investment Income:	
Plan interest in the Tesoro Corporation Savings Plan Master Trust.....	\$ 72,487,529
Interest on participant loans.....	938,308
Total investment income.....	73,425,837
Contributions	
Employer.....	15,573,472
Employer - noncash contributions (1).....	8,416,733
Participants.....	35,925,887
Total contributions.....	59,916,092
TOTAL ADDITIONS.....	133,341,929
DEDUCTIONS:	
Withdrawals and terminations.....	21,917,571
Administrative expenses.....	119,591
TOTAL DEDUCTIONS.....	22,037,162
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS.....	111,304,767
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year.....	339,148,690
End of year.....	\$ 450,453,457

(1) Noncash employer contributions consist of treasury stock reissuances

See accompanying notes to the financial statements.

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

The following description of the Tesoro Corporation Thrift Plan (the “Plan”) provides only general information. Participants should refer to the formal Plan document for more complete information. The Plan is a voluntary defined contribution plan and is open to certain non-union employees of Tesoro Corporation (“Tesoro” or the “Company”). Employees whose positions are covered by a collective bargaining agreement may participate if the Plan is included in the agreement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The Plan’s assets are combined with the plan assets of the Tesoro Corporation Retail Savings Plan in the Tesoro Corporation Savings Plan Master Trust (the “Master Trust”). The investments in the Master Trust are held by Fidelity Management Trust Company (“Fidelity” or the “Trustee”). Fidelity is responsible for holding, investing and accounting for the assets of the Plan and maintaining separate accounts for all participants of the Plan. The Plan is administered by the Employee Benefits Committee, consisting of individuals appointed by the Board of Directors of the Company.

The purpose of the Plan, originally adopted as of April 1, 1979, is to encourage Company employees to save and invest a portion of their eligible compensation, as defined, in order that they may have an additional source of income upon their retirement or disability, or for their family in the event of death. Benefits provided by the Plan will be in addition to benefits participants are entitled to receive under any other programs of the Company and from the Federal Social Security Act.

Participant Contributions — Contributions are made to the Plan by the Company on behalf of each eligible employee based upon their elected compensation deferral through payroll deductions. The deferrals are funded by the Company at the end of each payroll period. The amount eligible employees may elect to contribute ranges from 1% to 25% of eligible compensation on a pre-tax, after-tax or combination of both. The total pre-tax contribution amount cannot exceed the annual Internal Revenue Service (IRS) dollar limit (\$16,500 in 2009). Employees age 50 and over may elect to contribute an additional pre-tax catch-up contribution (\$5,500 in 2009) to the Plan. Certain highly compensated employees may be subject to more restrictive maximum deferrals, including no after-tax contributions.

Employer Contributions — The Plan allows for Company match on the first 7% of pre-tax contributions to the Plan, including “catch-up contributions.” The 7% Company match of pre-tax contributions includes certain represented employees for which 6% percent was matched prior to July 1, 2009. After-tax contributions to the Plan are not matched by the company. The Plan provides that at least 50% of the Company’s matching contributions are to be invested in the common stock of the Company, held in the Tesoro Corporation Common Stock Fund (the “Tesoro Stock Fund”), when the contributions are made. The remainder of the Company’s matching contributions is invested in one or more of the investment options, or the Tesoro Stock Fund, at the option of the participant. Immediate exchanges of Company matching contributions into the Tesoro Stock Fund can be made unlimited times per calendar year, as well as exchanges out of the Tesoro Stock Fund into other Plan investments.

For certain employees who were part of prior acquisitions, the Company contributes an additional non-elective contribution equal to 3% of eligible compensation.

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

Tesoro purchases shares of its common stock in open market transactions to meet a portion of the Company's contribution obligations, presented in the statement of changes in net assets as non-cash contributions; the remainder is paid in cash.

The Plan will be amended effective January 1, 2011, see a description of changes in the subsequent event footnote 11.

Participant Accounts — Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Company's contributions and Plan earnings and charged with withdrawals and an allocation of Plan losses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Loans — Participants can borrow the lesser of \$50,000 or one half of their vested account balance from the Plan with a minimum loan of \$1,000. Such loans are secured by the participant's vested account balance and bear interest at the prime rate plus 1%. Outstanding loans for the Plan at year-end incur interest at rates between 4.25% and 10.0%. The plan allows for new loans with original terms of six months to five years. Upon termination of employment, the loan repayment may continue at the election of the participant. If payments are in default, the unpaid loan balance will be treated as a distribution to the participant.

Vesting — Employees are fully vested at all times in their participant and Company non-elective contributions. Company matching contributions and any related earnings are 100% vested after one year of service. Upon voluntary termination of employment prior to normal retirement for reasons other than disability or death, an employee shall be entitled to the total of his or her participant contributions to the Plan and the then vested portion of the Company contributions made to the employee's account. Generally, vesting service begins with the employment date and ends upon termination of service with the Company.

Forfeitures — Upon termination of service, a participant's nonvested portion of the Company's matching contribution may be used to reduce future employer contributions or to pay reasonable administrative expenses. At December 31, 2009 and 2008, forfeited nonvested accounts totaled \$72,834 and \$81,228, respectively. During the year ended December 31, 2009, no forfeited nonvested accounts were used to reduce employer contributions and \$28,045 forfeited nonvested accounts were used to pay administrative expenses.

Payment of Benefits — Upon termination of employment, involuntary layoff, retirement, disability or death, the participant or the participant's beneficiary (distributee) will be provided the opportunity to request a distribution from the Plan. The Plan permits at-will withdrawals of the after-tax employee contributions. However, if the withdrawal is from amounts constituting the before-tax employee contribution, there is a six-month suspension of further contributions.

Administrative Expenses — The Plan document allows for the payment of administrative expenses by either the Plan or the Company. It has been a general practice for the Company to pay the administrative expenses of the Plan, except for those related to participant loans.

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The financial statements of the Plan have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States.

Reclassifications – Certain prior year amounts in the financial statements have been reclassified to conform to current year presentation. Specifically, the Plan has (1) grouped all investments in one line item on the statement of net assets as all investments are deemed to be participant directed and (2) reclassified the 2008 fair value measurement hierarchy table to conform to current year presentation disclosing the investments in the major categorization for debt and equity securities on the basis of the nature and risks of the investment.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from those estimates.

New Accounting Pronouncements — In June 2009, the Financial Accounting Standards Board (FASB) issued standards that established the FASB Accounting Standards Codification (ASC) as the source of authoritative GAAP by the FASB for nongovernmental entities. The FASB ASC supersedes all non-SEC (Securities and Exchange Commission) accounting and reporting standards that existed at the FASB ASC's effective date. The FASB uses Accounting Standards Updates to amend the FASB ASC. These standards were effective for interim and annual periods ending after September 15, 2009. There was no impact to the Plan's financial statements in the adoption of these standards, except for updating the appropriate references to the guidance that was codified in these standards.

In April 2009, the Financial Accounting Standards Board (FASB) amended the standard covering fair value measurements to provide additional guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to its normal market activity. The standard also provided additional guidance on circumstances that may indicate that a transaction is not orderly and on defining major categories of debt and equity securities to comply with the disclosure requirements. The Plan adopted this guidance for the reporting period ended December 31, 2009 which did not have a material effect on the Plan's net assets available for benefits or changes in net assets available for benefits.

In May 2009, the FASB issued a standard to provide general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In February 2010, this standard was amended, and has been adopted by the Plan.

In September 2009, the FASB issued guidance to allow entities to use net asset value (NAV) per share (or its equivalent) to measure fair value when the investment does not have a readily determinable fair value and is calculated in a manner consistent with investment company accounting. The Plan adopted the guidance for the reporting period ended December 31, 2009 and has utilized the practical expedient to measure the fair value of investments based on the investment's NAV. The Plan has provided additional disclosures regarding the nature and risks of investments within the scope of this guidance (see Note 5). The adoption did not have a material effect on the Plan's net assets available for benefits or changes in net assets available for benefits.

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

In January 2010, the FASB amended the standard covering fair value measurements to require additional disclosures, including transfers in and out of level 1 and 2 fair value measurements, the gross basis presentation of the reconciliation of level 3 fair value measurements, and fair value measurement disclosure at the class level, as opposed to category level, as previously required. This guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for disclosures related to level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010 (including interim periods). In addition, the standard also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. Plan management is currently evaluating the effect that the standard will have on the Plan's financial statements and does not believe it will have a material effect on the Plan's net assets available for benefits or changes in net assets available for benefits.

Investment Valuation and Income Recognition — Investments of the Master Trust are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 5 for further discussion and disclosures related to fair value measurements. Shares of mutual funds are valued using quoted market prices from national securities exchanges, which represent the net asset value of shares held by the Master Trust at year-end. Common stock is valued at the closing price reported on the active market on which the individual security is traded. Common collective trust funds are stated at net asset value as determined by the issuer of the fund, in accordance with ASU 2009-12. Participant loans are reported at the principal of outstanding loan balances, which approximates fair value.

The Fidelity Managed Income Portfolio is a common collective trust fund that invests in fully benefit-responsive investment contracts. The fund may invest in fixed interest insurance investment contracts, money market funds, corporate and government bonds, mortgage-backed securities, bond funds and other fixed income securities. The fair value of the Fidelity Managed Income Portfolio is calculated by the issuer using a discounted cash flow model, which considers (i) recent fee bids as determined by recognized dealers, (ii) discount rate and (iii) the duration of the underlying portfolio securities. This fund is recorded at fair value (see Note 5); however, since these contracts are fully benefit-responsive, an adjustment is reflected in the statements of net assets available for benefits to present these investments at contract value. Contract value is the relevant measurement attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The contract value represents contributions plus earnings, less participant withdrawals and administrative expenses. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payments of Benefits — As of December 31, 2009 and 2008, there were no participant initiated withdrawals that had not been distributed. Benefit payments are recorded when paid.

Subsequent Events — Management evaluated subsequent events for the Plan through September 29, 2010, the date the financial statements were available to be issued.

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

3. INVESTMENTS

All investment information disclosed in the accompanying financial statements and supplemental schedule including investments held and the adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2009 and 2008, and plan interest in the Tesoro Corporation Savings Plan Master Trust and interest on participant loans for the year ended December 31, 2009, was obtained or derived from information provided to the plan administrator and certified as complete and accurate by Fidelity, the trustee of the Plan.

4. INTEREST IN THE TESORO CORPORATION SAVINGS PLAN MASTER TRUST

A portion of the Plan's assets are invested in the Master Trust. The purpose of the Master Trust is the collective investment of assets of participating plans. Each participating plan's interest in the Master Trust is based on account balances of the participants and their elected investment fund options. The Master Trust assets are allocated among the participating plans by assigning to each plan those transactions (primarily contributions, benefit payments, and plan-specific expenses) that can be specifically identified and by allocating among all plans, in proportion to the fair value of the assets assigned to each plan, income and expenses resulting from the collective investment of the assets of the Master Trust. At December 31, 2009 and 2008, the Plan's interest in the net assets of the Master Trust was approximately 99%.

Investment income and administrative expenses related to the Master Trust are allocated to the individual plans on a daily basis based on each participant's account balance within each investment fund option.

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

The Plan's percentage interest in each of the investment fund options within the Master Trust is disclosed below. Investments of the Master Trust are as follows:

Investment Type / Fund Name	December 31, 2009	Plan's Percentage Interest	December 31, 2008	Plan's Percentage Interest
Common Stock				
Tesoro Petroleum Common Stock Fund.....	\$ 74,983,485	99.12%	\$ 63,762,300	98.99%
Mutual Funds				
Bonds				
Pimco Total Return Admin.....	21,751,571	100.00%	15,412,341	100.00%
Fidelity Government Income.....	21,231,136	99.50%	22,421,402	99.53%
Stocks and Bonds				
American Beacon Lg Cap Value.....	971,881	100.00%	598,591	100.00%
Fidelity Value.....	9,842,328	100.00%	5,809,032	100.00%
Royce Opportunity.....	6,488,185	100.00%	2,772,229	100.00%
American Funds Fundamental Investment R5.....	12,865,973	99.97%	8,049,418	99.96%
Fidelity Spartan US EQ Index.....	18,769,685	99.95%	13,433,499	99.91%
Fidelity Leveraged Company Stock	3,662,887	100.00%	1,641,011	100.00%
Fidelity Low Priced-Stock.....	14,124,154	100.00%	8,761,756	100.00%
Lord Abbett Small-Cap Value A.....	14,614,052	100.00%	10,615,385	100.00%
Calamos Growth A.....	15,244,085	99.87%	7,515,155	99.90%
Fidelity Contrafund.....	21,765,926	100.00%	14,121,975	100.00%
Fidelity Capital Appreciation.....	5,332,153	100.00%	3,365,320	100.00%
Fidelity Export & Multinational.....	29,312,443	99.50%	20,424,682	99.51%
Fidelity Puritan.....	56,361,754	99.71%	43,374,769	99.72%
Rainier Small/Mid Cap Equity Instl	1,148,320	100.00%	798,506	100.00%
Fidelity Small Cap Independence.....	8,290,142	99.84%	5,886,744	99.88%
Fidelity Diversified International.....	34,294,559	99.93%	24,328,562	99.95%
Fidelity Spartan Internation Index Inv.....	8,009,170	100.00%	5,598,319	100.00%
Lifecycle Funds				
Fidelity Freedom Income.....	506,794	97.49%	326,584	94.24%
Fidelity Freedom 2000.....	68,622	62.58%	37,925	43.79%
Fidelity Freedom 2005.....	126,362	78.86%	50,595	80.66%
Fidelity Freedom 2010.....	1,293,768	89.59%	1,130,657	87.55%
Fidelity Freedom 2015.....	2,861,786	96.22%	1,489,084	96.92%
Fidelity Freedom 2020.....	3,190,263	79.25%	1,163,442	57.11%
Fidelity Freedom 2025.....	2,041,238	92.64%	624,980	89.66%
Fidelity Freedom 2030.....	2,160,835	85.11%	898,405	72.74%
Fidelity Freedom 2035.....	1,468,851	90.00%	534,868	89.28%
Fidelity Freedom 2040.....	1,286,954	79.43%	535,529	61.47%
Fidelity Freedom 2045.....	1,332,353	90.61%	412,897	85.61%
Fidelity Freedom 2050.....	982,567	85.63%	285,594	82.52%
Common Collective Trust Fund				
Fidelity Managed Income Portfolio.....	41,007,368	99.71%	40,009,638	99.71%
Total net assets available for benefits for participating plans, at fair value.....	437,391,650		326,191,194	
Adjustment from fair value to contract value for fully benefit-responsive investment contracts.....	762,538		2,158,200	
Total net assets available for benefits for participating plans.....	<u>\$ 438,154,188</u>		<u>\$ 328,349,394</u>	

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

Investment income of the Master Trust for the year ended December 31, 2009 is as follows:

	<u>2009</u>
Net appreciation (depreciation) in fair value of investments:	
Tesoro Corporation Common Stock Fund.....	\$ 3,379,110
Bond mutual funds.....	(118,753)
Equity mutual funds.....	60,115,427
Lifecycle mutual funds.....	<u>2,881,866</u>
	66,257,650
Interest and dividend income.....	<u>6,820,253</u>
Total Master Trust investment income.....	<u>\$ 73,077,903</u>

5. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Financial assets and financial liabilities are classified into the following fair value hierarchy: level 1- quoted prices in active markets for identical assets or liabilities; level 2 – quoted prices for similar assets and liabilities in active markets, and inputs other than quoted market prices that are observable for the asset or liability; and level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The financial asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

The tables below present information about the Plan and related Master Trust's assets measured at fair value on a recurring basis and indicate the fair value hierarchy of the inputs utilized to determine the fair values as of December 31, 2009 and 2008:

	December 31, 2009	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Master Trust:				
Tesoro Corporation Common Stock Fund....	\$ 74,983,485	\$ 74,983,485	\$ -	\$ -
Mutual Funds				
Bonds.....	42,982,707	42,982,707	-	-
Domestic Equity				
Large Value.....	971,881	971,881	-	-
Mid Value.....	9,842,328	9,842,328	-	-
Small Value.....	6,488,185	6,488,185	-	-
Large Blend.....	31,635,658	31,635,658	-	-
Mid Blend.....	17,787,041	17,787,041	-	-
Small Blend.....	14,614,052	14,614,052	-	-
Large Growth.....	128,016,361	128,016,361	-	-
Mid Growth.....	1,148,320	1,148,320	-	-
Small Growth.....	8,290,142	8,290,142	-	-
International Equity.....	42,303,729	42,303,729	-	-
Lifecycle Funds.....	17,320,393	17,320,393	-	-
Common Collective Trust Fund (a)				
Stable Value Fund.....	41,007,368	-	41,007,368	-
Total Master Trust.....	\$ 437,391,650	\$ 396,384,282	\$ 41,007,368	\$ -
Plan Level:				
Participant loans.....	\$ 15,685,656	\$ -	\$ -	\$ 15,685,656
	December 31, 2008	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Master Trust:				
Tesoro Corporation Common Stock Fund....	63,762,300	\$ 63,762,300	\$ -	\$ -
Mutual Funds				
Bonds.....	37,833,743	37,833,743	-	-
Domestic Equity				
Large Value.....	598,591	598,591	-	-
Mid Value.....	5,809,032	5,809,032	-	-
Small Value.....	2,772,229	2,772,229	-	-
Large Blend.....	21,482,917	21,482,917	-	-
Mid Blend.....	10,402,767	10,402,767	-	-
Small Blend.....	10,615,385	10,615,385	-	-
Large Growth.....	88,801,901	88,801,901	-	-
Mid Growth.....	798,506	798,506	-	-
Small Growth.....	5,886,744	5,886,744	-	-
International Equity.....	29,926,881	29,926,881	-	-
Lifecycle Funds.....	7,490,560	7,490,560	-	-
Common Collective Trust Fund (a)				
Stable Value Fund.....	40,009,638	-	40,009,638	-
Total Master Trust.....	\$ 326,191,194	\$ 286,181,556	\$ 40,009,638	\$ -
Plan Level:				
Participant loans.....	\$ 13,349,606	\$ -	\$ -	\$ 13,349,606

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

- (a) This category includes a common/collective trust fund that is designed to deliver safety and stability by preserving principal and accumulating earnings. This fund is primarily invested in guaranteed investment contracts and synthetic investment contracts. Participant-directed redemptions have no restrictions; however, the Plan is required to provide a one year redemption notice to liquidate its entire share in the fund. The fair value of this fund has been estimated based on the fair value of the underlying investment contracts in the fund as reported by the issuer of the fund. The fair value differs from the contract value. As previously discussed in Note 2, contract value is the relevant measurement attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

The following table sets forth the changes in fair value for assets measured using significant unobservable inputs (Level 3):

	Participant Loans
Balance at January 1, 2009.....	\$ 13,349,606
Loan withdrawals.....	8,778,600
Loan repayments.....	(6,002,337)
Benefit payments.....	(435,043)
Deemed distributions.....	(21,269)
Deemed with post-default payments.....	16,099
Balance at December 31, 2009.....	<u>\$ 15,685,656</u>

6. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Fidelity. Fidelity is the Trustee as defined by the Plan and, therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund.

At December 31, 2009 and 2008, the Plan held 3,273,680 and 2,926,606 shares in the Master Trust, respectively, of common stock of Tesoro Corporation, the sponsoring employer, with a cost basis of \$80,081,658 and \$73,071,221, respectively.

7. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, participants would become 100% vested in their account.

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

8. FEDERAL INCOME TAX STATUS

The Plan has received a determination letter from the IRS dated March 4, 2010, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and therefore the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan, as amended, is qualified and the related trust is tax-exempt.

9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the Plan's net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Net assets available for benefits per the financial statements.....	\$450,453,457	\$339,148,690
Less adjustments from fair value to contract value for fully benefit-responsive investment contracts.....	<u>760,360</u>	<u>2,152,031</u>
Net assets available for plan benefits per the Form 5500.....	<u>\$449,693,097</u>	<u>\$336,996,659</u>

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements to the net income per the Form 5500 for the year ended December 31, 2009:

	<u>2009</u>
Net increase in net assets available for benefits per the financial statements.....	\$ 111,304,767
Change in adjustments from fair value to contract value for fully benefit-responsive investment contracts.....	<u>1,391,671</u>
Total net income per the Form 5500.....	<u>\$ 112,696,438</u>

The accompanying financial statements present fully benefit-responsive contracts at contract value. The Form 5500 requires fully benefit-responsive investment contracts to be reported at fair value. Therefore, the adjustment from fair value to contract value for fully benefit-responsive investment contracts represents a reconciling item.

10. RISKS AND UNCERTAINTIES

The Plan provides for investments in various securities through the Master Trust's investment funds offered to participants, including but not limited to, various mutual funds and equity of the Company, among others. Investment securities, in general, are exposed to various risks such as interest rate, credit, liquidity and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits and participant account balances.

TESORO CORPORATION THRIFT PLAN

NOTES TO THE FINANCIAL STATEMENTS

11. SUBSEQUENT EVENTS

In June 2010, the Compensation Committee of the Board of Directors approved changes to the Plan to be effective beginning January 1, 2011. The majority of Tesoro employees will be impacted by these changes subject to applicable collective bargaining and/or purchase sale agreements. Effective January 1, 2011 the maximum amount of compensation that can be applied toward Company matching contributions will be 6%. Additionally, the definition of eligible base pay will be revised to exclude certain overtime and bonus pay.

SUPPLEMENTAL SCHEDULE

TESORO CORPORATION THRIFT PLAN
SCHEDULE H, LINE 4i —SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2009
EIN: 95-0862768 PLAN NO: 002

Identity of Issue	Description of Investment	Cost	Current Value
* Participant loans	Participant loans with interest rates ranging from 4.25% to 10.0%	<u>\$ -</u>	<u>\$ 15,685,656</u>
* Party-in-interest			

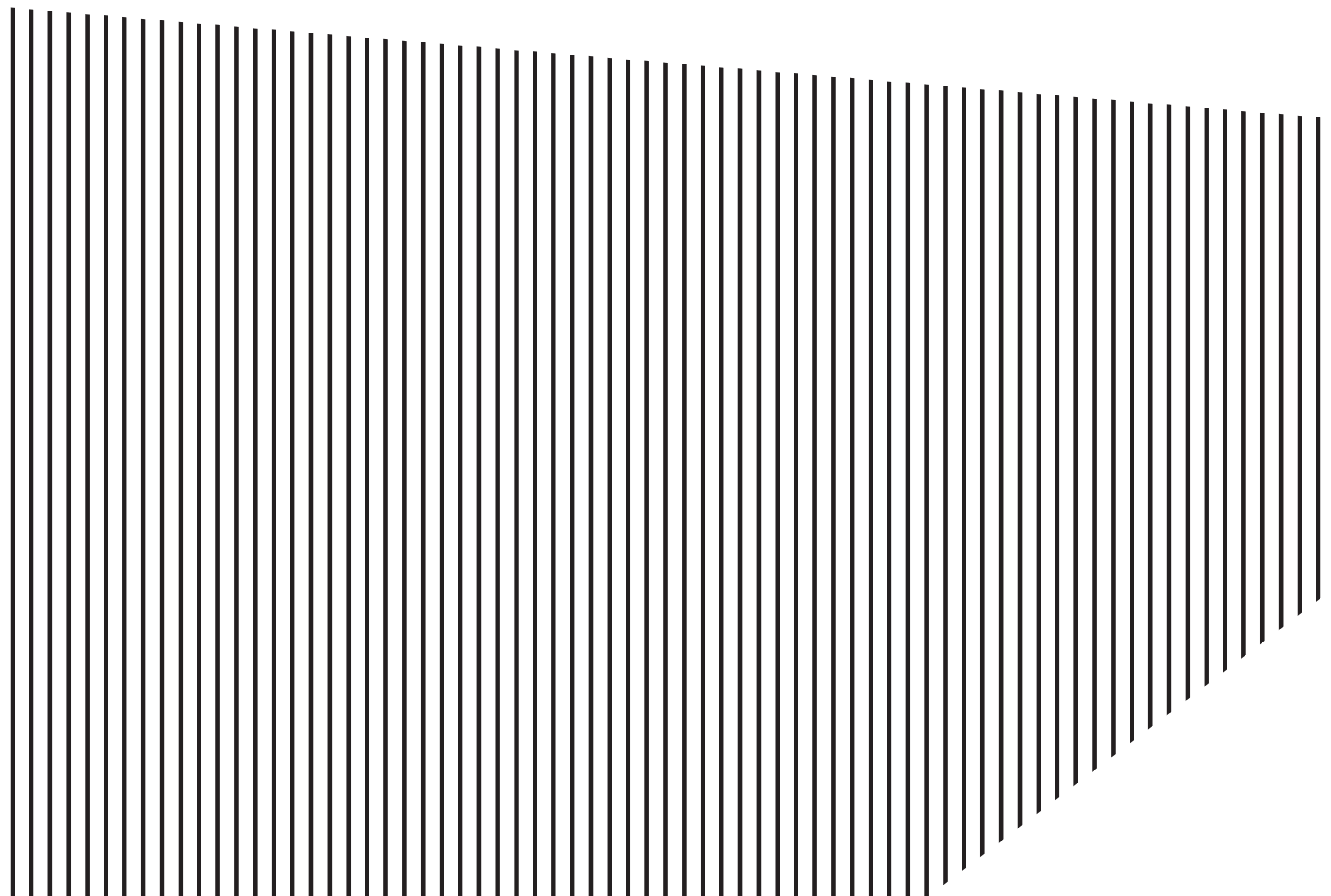
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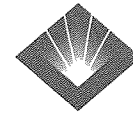
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TESORO CORPORATION THRIFT PLAN
SCHEDULE H, LINE 4i —SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2009
EIN: 95-0862768 PLAN NO: 002

Identity of Issue	Description of Investment	Cost	Current Value
* Participant loans	Participant loans with interest rates ranging from 4.25% to 10.0%	<u>\$ -</u>	<u>\$ 15,685,656</u>
* Party-in-interest			

March 12, 2010



TESORO

BKD, LLP
10001 Reunion Place, Suite 400
San Antonio, Texas 78216

Tesoro Companies, Inc.
19100 Ridgewood Parkway
San Antonio, TX 78259
210 626 6000

Re: Required Statement of Explanation for Termination

In accordance with this requirement, I, as plan administrator, verify that the explanation reproduced below this notice is the explanation concerning your termination as is or will be reported on the Schedule C (Form 5500) attached to the 1/1/2009 – 12/31/2009 Plan Year's Annual Return/Report Form 5500 for the **Tesoro Corporation Retirement Plan**, the **Tesoro Corporation Thrift Plan**, the **Tesoro Corporation Retail Savings Plan**, for the **Tesoro Refining and Marketing Company Golden Eagle Refinery Represented Short Term Disability Plan** and for the **Tesoro Petroleum Corporation California and Washington State Short Term Disability Plan**.

Tesoro Corporation Retirement Plan

This return/report is identified in the line 2b by the nine-digit EIN 95-0862768 and in line 1b by the three-digit PN 001.

Explanation: Management decision to consolidate audits with the Independent Registered Public Accounting Firm that performs the audit of Tesoro Corporation

Tesoro Corporation Thrift Plan

This return/report is identified in line 2b by the nine-digit EIN 95-0862768 and in line 1b by the three-digit PN 002.

Explanation: Management decision to consolidate audits with the Independent Registered Public Accounting Firm that performs the audit of Tesoro Corporation

Tesoro Corporation Retail Savings Plan

This return/report is identified in line 2b by the nine-digit EIN 95-0862768 and in line 1b by the three-digit PN 005.

Explanation: Management decision to consolidate audits with the Independent Registered Public Accounting Firm that performs the audit of Tesoro Corporation

Tesoro Refining and Marketing Company Golden Eagle Refinery Represented Short Term Disability Plan

This return/report is identified in line 2b by the nine-digit EIN 76-0489496 and in line 1b by the three-digit PN 523.

Explanation: Management decision to consolidate audits with the Independent Registered Public Accounting Firm that performs the audit of Tesoro Corporation

Tesoro Petroleum Corporation California and Washington State Short Term Disability Plans

This return/report is identified in line 2b by the nine-digit EIN 95-0862768 and in line 1b by the three-digit PN 522.

Explanation: Management decision to consolidate audits with the Independent Registered Public Accounting Firm that performs the audit of Tesoro Corporation

You have the opportunity to comment to the Department of Labor concerning any aspect of this explanation. Comments should include the name, EIN, and the PN of the plan and be submitted to:

Office of Enforcement
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Sincerely,

A handwritten signature in black ink that reads "Lauren Butler". The signature is written in a cursive, flowing style.

Lauren Butler, *Manager, Retirement Benefits*
Tesoro Companies, Inc.