

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 multiple-employer plan; or ☒ a single-employer plan; ☐ 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 RETIREMENT PLAN	1b Three-digit plan number (PN) ▶ 001
	1c Effective date of plan 01/01/1969
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

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**5** Total number of participants at the beginning of the plan year**5**

5213

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**

3836

b Retired or separated participants receiving benefits.....**6b**

570

c Other retired or separated participants entitled to future benefits.....**6c**

742

d Subtotal. Add lines **6a**, **6b**, and **6c**.....**6d**

5148

e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....**6e**

150

f Total. Add lines **6d** and **6e**.....**6f**

5298

g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....**6g**

0

h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....**6h**

93

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

1A 1G

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

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 A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance 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. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	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 TESORO CORPORATION RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500. TESORO CORPORATION	D Employer Identification Number (EIN) 95-0862768	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
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(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
22-1211670	68241	994151		01/01/2009	12/31/2009

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	10503822

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	
d Total of balance and additions (add b and c(6))	7d	
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	
f Balance at the end of the current year (subtract e(5) from d)	7f	

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	
Specify nature of costs ▶		

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☐ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). File as an attachment to Form 5500 or 5500-SF.	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

Round off amounts to nearest dollar.

Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan TESORO CORPORATION RETIREMENT PLAN		B Three-digit plan number (PN)	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF TESORO CORPORATION		D Employer Identification Number (EIN) 95-0862768	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500	

Part I	Basic Information			
1	Enter the valuation date: Month 01 Day 01 Year 2009			
2	Assets:			
a	Market value	2a	240909219	
b	Actuarial value	2b	265000140	
3	Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target	
a	For retired participants and beneficiaries receiving payment	3a	688	45463885
b	For terminated vested participants	3b	751	14516276
c	For active participants:			
(1)	Non-vested benefits	3c(1)		30982212
(2)	Vested benefits	3c(2)		138675858
(3)	Total active	3c(3)	3774	169658070
d	Total	3d	5213	229638231
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a	Funding target disregarding prescribed at-risk assumptions	4a		
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5	Effective interest rate	5	8.32 %	
6	Target normal cost	6	27405159	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	10/04/2010 Signature of actuary MICHAEL G. BAKER Type or print name of actuary TOWERS WATSON DELAWARE INC. Firm name 1301 MCKINNEY STREET, SUITE 3000 HOUSTON, TX 77010-3033 Address of the firm	Date 08-04175 Most recent enrollment number 713-507-1700 Telephone number (including area code)
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	96263111	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	27598044	0
9	Amount remaining (Item 7 minus item 8).....	68665067	0
10	Interest on item 9 using prior year's actual return of <u>-31.07</u> %	-21334236	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		35367407
b	Interest on (a) using prior year's effective rate of <u>5.96</u> %		-8111658
c	Total available at beginning of current plan year to add to prefunding balance		27255749
d	Portion of (c) to be added to prefunding balance.....		27255749
12	Reduction in balances due to elections or deemed elections.....		0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	47330831	27255749

Part III Funding percentages			
14	Funding target attainment percentage.....	14	82.91 %
15	Adjusted funding target attainment percentage.....	15	115.40 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	116.90 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/28/2010	4500000				
02/25/2010	2148710				
08/31/2010	4000000				
Totals ►			18(b)	10648710	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	9591501
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:		
Liquidity shortfall as of end of Quarter of this plan year		
(1) 1st	(2) 2nd	(4) 4th
0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 59
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	27405159
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment		
b Waiver amortization installment		
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	27405159
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	27405159	27405159
36 Additional cash requirement (item 34 minus item 35).....	36	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	9591501
38 Interest-adjusted excess contributions for current year (see instructions).....	38	9591501
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

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 RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
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)
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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
PRUDENTIAL INSURANCE CO
22-1211670

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
FIDELITY MANAGEMENT TRUST COMPANY
04-2723880

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

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)

FIDELITY MANAGEMENT TRUST COMPANY

04-2723880

(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?
28 51	INV MGMT	1142249	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

BUCK CONSULTING

13-3954297

(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?
11 70	ACTUARIAL	200247	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

FIDELITY INV INST OPERATIONS CO

(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?
	DB ADMIN	138861	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

PRUDENTIAL INSURANCE CO

22-1211670

(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?
28 51	INV MGMT	123255	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

WATSON WYATT

52-1868818

(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?
17 70	CONSULTING	65000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

RV KUHN

93-0910652

(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?
17 70	CONSULTING	45500	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:	BUCK CONSULTANTS - RICHARD MACKESEY	b EIN:	13-3954297
c Position:	PLAN ACTUARY		
d Address:	14911 QUORUM DRIVE SUITE 200 DALLAS, TX 75240	e Telephone:	972-628-6825
Explanation:		CHANGE IN COMPANY PROVIDING ACTUARIAL SERVICES	

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.
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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 RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE 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	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)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PYRAMIS DIVERS LG CP VL CM PL</u>		
b Name of sponsor of entity listed in (a): <u>PYRAMIS GLOBAL ADVISORS</u>		
c EIN-PN <u>20-4659714-028</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>17786391</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PYRAMIS BROAD MARKET DURATION</u>		
b Name of sponsor of entity listed in (a): <u>PYRAMIS GLOBAL ADVISORS</u>		
c EIN-PN <u>20-4659714-012</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PYRAMIS HIGH YLD BOND COMM POOL</u>		
b Name of sponsor of entity listed in (a): <u>PYRAMIS GLOBAL ADVISORS</u>		
c EIN-PN <u>20-4659714-013</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PYRAMIS INTL GROWTH COMM POOL</u>		
b Name of sponsor of entity listed in (a): <u>PYRAMIS GLOBAL ADVISORS</u>		
c EIN-PN <u>20-4659714-017</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>18130258</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PYRAMIS US TOTAL MARKET EQUITY</u>		
b Name of sponsor of entity listed in (a): <u>PYRAMIS GLOBAL ADVISORS</u>		
c EIN-PN <u>20-4659714-041</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>29691349</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PYRAMIS LARGE CAP VALUE II</u>		
b Name of sponsor of entity listed in (a): <u>PYRAMIS GLOBAL ADVISORS</u>		
c EIN-PN <u>20-4659714-004</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>15433737</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PYRAMIS SELECT INTL EQUITY</u>		
b Name of sponsor of entity listed in (a): <u>PYRAMIS GLOBAL ADVISORS</u>		
c EIN-PN <u>20-4659714-021</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>17573180</u>

a Name of MTIA, CCT, PSA, or 103-12 IE: PYRAMIS LONG DURATION

PYRAMIS GLOBAL ADVISORS

b Name of sponsor of entity listed in (a):**c** EIN-PN 20-4659714-053**d** Entity
code C**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

96532473

a Name of MTIA, CCT, PSA, or 103-12 IE: PRISA

PRUDENTIAL INSURANCE COMPANY

b Name of sponsor of entity listed in (a):**c** EIN-PN 22-1211670-038**d** Entity
code P**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

10487046

a Name of MTIA, CCT, PSA, or 103-12 IE: SHORT TERM

PRUDENTIAL INSURANCE COMPANY

b Name of sponsor of entity listed in (a):**c** EIN-PN 22-1211670-044**d** Entity
code P**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

16775

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)

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 RETIREMENT PLAN	B Three-digit plan number (PN) ► 001
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
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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)	35000000	10648710
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	6009	2753
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	3143344	10784395
(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)		
(9) Value of interest in common/collective trusts.....	1c(9)	151155209	195147388
(10) Value of interest in pooled separate accounts.....	1c(10)	16134048	10503821
(11) Value of interest in master trust investment accounts	1c(11)		
(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)	36862995	45578766
(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	242301605	272665833

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	306631	418404
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	306631	418404

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	241994974	272247429
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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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	10648710	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		10648710
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	91132	
(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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		91132
(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)	97525766	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	98535086	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		-1009320

		(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)		32915067
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		-5506955
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(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)		12372598
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		49511232

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	17367325	
(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)		17367325
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	200247	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	1376004	
(4) Other	2i(4)	315201	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		1891452
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		19258777

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		30252455
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.

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 RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</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
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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>04-3275867</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	<u>103</u>

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)
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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
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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

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: 68% Investment-Grade Debt: 18% High-Yield Debt: 5% Real Estate: 8% Other: 1%

- 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):



Ernst & Young LLP
Frost Bank Tower
Suite 1800
100 West Houston Street
San Antonio, Texas 78205-1403

Tel: 210 228 9696
Fax: 210 242 7252
www.ey.com

Report of Independent Auditors

To the Employee Benefits Committee of
Tesoro Corporation Retirement Plan
San Antonio, Texas

We were engaged to audit the accompanying statement of net assets available for benefits of Tesoro Corporation Retirement Plan and statement of accumulated plan benefits as of December 31, 2009, and the related statement of changes in net assets available for benefits and statement of changes in accumulated plan benefits for the year then ended, and the supplemental schedules of assets (held at end of year) as of December 31, 2009, and reportable transactions for the year then ended. These financial statements and supplemental schedules are the responsibility of the Plan's management. Other auditors were engaged to audit the statement of net assets available for benefits and statement of accumulated plan benefits of Tesoro Corporation Retirement Plan as of December 31, 2008. Their report dated September 18, 2009, disclaimed an opinion on those financial statements 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 4 as of and for the year ended December 31, 2009, which was certified by Fidelity Management Trust Company, the trustee of the Plan, and Prudential Insurance Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee and custodian hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained a certification from the trustee and custodian as of and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustee and custodian 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 schedules 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 schedules, other than that derived from the investment information certified by the trustee and custodian, 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

October 6, 2010

SCHEDULE SB ATTACHMENTS

Statement by Enrolled Actuary

Plan Sponsor Tesoro Corporation
EIN/PN 95-0862768 / 001
Plan Name Tesoro Corporation Retirement Plan
Valuation Date January 1, 2009

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Plan Name: Tesoro Corporation Retirement Plan
EIN / PN: 95-0862768 / 001
Plan Sponsor: Tesoro Corporation
Valuation Date: January 1, 2009

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 19 – Discounted Employer Contributions as of January 1, 2009

Date	Applicable Plan Year	Contribution	Applicable Effective Rate	Interest Adjusted Contribution
01/28/2010	2009	4,500,000	8.32%	4,129,531
02/25/2010	2009	2,148,710	8.32%	1,960,031
08/31/2010	2009	4,500,000	8.32%	3,501,939
Total		10,648,710		9,591,501

Plan Name: Tesoro Corporation Retirement Plan
EIN / PN: 95-0862768 / 001
Plan Sponsor: Tesoro Corporation
Valuation Date: January 1, 2009

SCHEDULE SB ATTACHMENTS (cont.)

Schedule SB, Line 22 – Description of Weighted Average Retirement Age as of January 1, 2009

This age is derived by applying, for an employee with the characteristics of an average new entrant to the plan, the following formula

FRA – ERA

$$\sum_{t=0} ({}_t p_{\text{ERA}}) * (q_{\text{ERA} + t}^r) * (\text{ERA} + t)$$

FRA – ERA

$$\sum_{t=0} ({}_t p_{\text{ERA}}) * (q_{\text{ERA} + t}^r)$$

where:

FRA = age everyone is assumed to retire

ERA = age before which nobody is assumed to retire

${}_t p_{\text{ERA}}$ = probability of surviving to age ERA + t

$q_{\text{ERA} + t}^r$ = probability of retiring at age ERA + t

Plan Name: Tesoro Corporation Retirement Plan
EIN / PN: 95-0862768 / 001
Plan Sponsor: Tesoro Corporation
Valuation Date: January 1, 2009

3

SCHEDULE SB ATTACHMENTS (cont.)

Schedule SB, Line 24 – Change in Actuarial Assumptions.

In accordance with PPA, as amended by WRERA and recent IRS guidance, the interest rates used to value the Funding Target and Target Normal Cost were changed from the three segment rates to the full yield curve with two-month lookback. This change receives automatic approval from the IRS. The mortality table was also updated in accordance with PPA. Also, expected administration and investment expenses were added to the Target Normal Cost as required by WRERA.

Plan Name: Tesoro Corporation Retirement Plan
EIN / PN: 95-0862768 / 001
Plan Sponsor: Tesoro Corporation
Valuation Date: January 1, 2009

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SCHEDULE SB ATTACHMENTS (cont.)

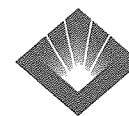
Schedule SB, Line 26 – Schedule of Active Participant Data as of January 1, 2009

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	4		48	64,131	1															
25 - 29	2		218	75,870	24	86,439														
30 - 34	3		229	83,450	75	92,327	3													
35 - 39	5		281	94,410	141	101,603	38	121,962	2											
40 - 44	4		252	97,634	192	112,270	75	113,569	8		2									
45 - 49	3		250	96,987	221	110,873	105	117,022	16		6									
50 - 54	1		225	110,438	358	116,214	129	114,453	11		13									
55 - 59	2		175	111,905	216	115,906	87	109,209	6		4									
60 - 64			58	102,389	110	107,997	27	116,423	3		6									
65 - 69			7		14		6		1											
70 & Over			2		3															

Plan Name: Tesoro Corporation Retirement Plan
 EIN / PN: 95-0862768 / 001
 Plan Sponsor: Tesoro Corporation
 Valuation Date: January 1, 2009



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.

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

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

Ernst & Young LLP

 **ERNST & YOUNG**

TESORO CORPORATION RETIREMENT PLAN

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Report of Independent Auditors

To the Employee Benefits Committee of
Tesoro Corporation Retirement Plan
San Antonio, Texas

We were engaged to audit the accompanying statement of net assets available for benefits of Tesoro Corporation Retirement Plan and statement of accumulated plan benefits as of December 31, 2009, and the related statement of changes in net assets available for benefits and statement of changes in accumulated plan benefits for the year then ended, and the supplemental schedules of assets (held at end of year) as of December 31, 2009, and reportable transactions for the year then ended. These financial statements and supplemental schedules are the responsibility of the Plan's management. Other auditors were engaged to audit the statement of net assets available for benefits and statement of accumulated plan benefits of Tesoro Corporation Retirement Plan as of December 31, 2008. Their report dated September 18, 2009, disclaimed an opinion on those financial statements 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 4 as of and for the year ended December 31, 2009, which was certified by Fidelity Management Trust Company, the trustee of the Plan, and Prudential Insurance Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee and custodian hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained a certification from the trustee and custodian as of and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustee and custodian 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 schedules 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 schedules, other than that derived from the investment information certified by the trustee and custodian, 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

October 6, 2010

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

	<u>2009</u>	<u>2008</u>
ASSETS:		
Investments — at fair value:		
Common/collective trust funds	\$ 195,147,388	\$ 151,155,209
Mutual funds	45,578,766	36,862,995
Real estate pooled separate account	10,503,821	16,134,048
Money market fund	10,784,395	3,143,344
Total investments	262,014,370	207,295,596
Interest receivable	2,753	6,009
Contribution receivable	<u>10,648,710</u>	<u>35,000,000</u>
Total assets	272,665,833	242,301,605
ACCRUED LIABILITIES	<u>418,404</u>	<u>306,631</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 272,247,429</u>	<u>\$ 241,994,974</u>

See accompanying notes to the financial statements.

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

	<u>2009</u>
ADDITIONS	
Investment Income :	
Interest and dividends	\$ 1,348,815
Net appreciation in fair value of investments	<u>37,513,707</u>
Total Investment Income	38,862,522
Employer contributions	<u>10,648,710</u>
Total Additions	<u>49,511,232</u>
DEDUCTIONS	
Benefits paid	17,367,325
Administrative expenses and other	<u>1,891,452</u>
Total Deductions	<u>19,258,777</u>
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	30,252,455
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	<u>241,994,974</u>
End of year	<u><u>\$ 272,247,429</u></u>

See accompanying notes to the financial statements.

TESORO CORPORATION RETIREMENT PLAN
STATEMENTS OF ACCUMULATED PLAN BENEFITS
AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS:		
Vested benefits:		
Participants currently receiving payments	\$ 50,789,192	\$ 44,788,226
Other participants	<u>194,656,080</u>	<u>162,904,440</u>
Total vested benefits	245,445,272	207,692,666
Nonvested benefits	<u>37,131,579</u>	<u>36,768,957</u>
TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS	<u><u>\$ 282,576,851</u></u>	<u><u>\$ 244,461,623</u></u>

See accompanying notes to the financial statements.

TESORO CORPORATION RETIREMENT PLAN
STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS — Beginning of year	<u>\$ 244,461,623</u>
INCREASE (DECREASE) DURING THE YEAR ATTRIBUTABLE TO:	
Benefits paid	(17,367,325)
Benefits accumulated and actuarial losses	29,538,442
Decrease in the discount period	20,041,127
Changes in actuarial assumptions	<u>5,902,984</u>
Net increase	<u>38,115,228</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS — End of year	<u><u>\$ 282,576,851</u></u>

See accompanying notes to the financial statements.

TESORO CORPORATION RETIREMENT PLAN

NOTES TO THE FINANCIAL STATEMENTS

1. PLAN DESCRIPTION

The following summary description of the Tesoro Corporation Retirement Plan (the “Plan”) is provided for general information only. Participants should refer to the Plan Document for more complete information.

General — The Plan is a non-contributory employee defined benefit pension plan established January 1, 1969 for eligible employees of Tesoro Corporation and its subsidiaries (“Tesoro” or the “Company”). The Plan has been subsequently amended to comply with changes in technical requirements of the Internal Revenue Code (IRC). Generally, an employee is eligible for participation in the Plan after completing twelve months of service and having at least 1,000 hours of service during that twelve-month period, with vesting of 100% of accrued benefits upon the completion of five years of service. Upon becoming a participant, all service since date of hire is included in determining vesting and credited service, except for individuals who become employees of Tesoro as a result of an acquisition by Tesoro, for whom benefits are determined by the terms of the acquisition agreement. The Plan covers represented employees if the Plan is incorporated as a provision of the collective bargaining agreement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Pension Benefits — Upon normal retirement, participants receive monthly payments equal to the sum of (a) 1.1% of their average monthly rate of Basic Compensation during the 36 consecutive months of the last 120 months of service which give the highest average monthly rate of compensation (determined without using compensation in excess of \$245,000 for the year ended December 31, 2009) (hereinafter referred to as “Final Monthly Compensation”) at their actual retirement date, multiplied by his/her number of years of benefit service at such date, plus (b) 0.5% of the excess, if any, of their Final Monthly Compensation over their Covered Compensation, as defined in Internal Revenue Service (IRS) regulations, multiplied by his/her number of years of Benefit Service (up to 35 years) at such date. There are also provisions for alternate calculations for employees who were part of an acquired group, early retirement benefits, optional methods of benefit payment, payments to a terminated vested participant, and payments to an eligible surviving beneficiary of a participant. The federal tax law places certain limitations on benefits payable under existing defined benefit retirement plans. The Plan provides for no reduction in accrued retirement benefits for retirement at age 62 or later, or if qualified for the Enhanced Early Retirement (age plus vesting service at termination equals or exceeds 80 points) at age 60 or later.

Pre-retirement death benefits are paid to a participant’s designated beneficiary for either ten years certain and life thereafter or a lump-sum amount based on an actuarially determined formula. Participants who become totally and permanently disabled under the Plan will generally continue to accrue a benefit with continued service and pay for the period of disability up to normal retirement age.

Trustee and Investment Manager — The Plan’s primary trustee is Fidelity Management Trust Company (“Fidelity”). In its capacity as trustee, Fidelity maintains custody of investments of the Plan except those investments held by Prudential Insurance Company of America (“Prudential”) in its capacity as investment manager of certain Plan assets designated by the plan administrator. The Plan is administered by the Employee Benefits Committee, consisting of individuals appointed by the Board of Directors of the Company.

TESORO CORPORATION RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Priorities Upon Termination of the Plan — Although it has not expressed any intention to do so, the Company has the right under the Plan, in certain circumstances, 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, the net assets of the Plan will be allocated for payment of plan benefits to the participants in an order of priority determined in accordance with ERISA, applicable regulations thereunder and the Plan Document.

Certain benefits under the Plan are insured by the Pension Benefits Guaranty Corporation (PBGC), which guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivors' pensions in the event the Plan terminates. However, the PBGC does not guarantee all types of benefits, and the amount of benefit protection is subject to certain limitations. Whether all participants receive their benefits in the event of a Plan termination will depend on the sufficiency, at that time, of the Plan's net assets available and the level of benefits guaranteed by the PBGC at the time of termination.

Funding Policy — Tesoro's policy is to contribute each year at least the minimum required contribution for that year. Contributions to satisfy minimum funding requirements of ERISA are determined by the Plan's actuary. The Plan has met the minimum funding requirements of ERISA for the year ended December 31, 2009.

Expenses — Administrative expenses of the Plan are paid by the Plan, as provided in the Plan document. The Company provides accounting and other administrative services to the Plan at no charge.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accompanying financial statements have been prepared on the accrual basis of accounting.

Reclassifications — Certain prior year amounts in the financial statements have been reclassified to conform to current year presentation. Specifically, the Plan has (1) grouped the Plan's short-term investment fund with the real estate pooled separate account, and (2) reclassified the 2008 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.

Investment Valuation and Income Recognition — Investments of the Plan are stated at fair value. Fair value is 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. See Note 8 for a discussion on fair value measurements.

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. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

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

TESORO CORPORATION RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Payment of Benefits — Benefit payments to participants are recorded upon distribution.

Actuarial Present Value of Accumulated Plan Benefits — Accumulated plan benefits (see Note 3) represent the actuarial present value of estimated future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries and (b) present employees or their beneficiaries. Benefits are based on the balance of accrued retirement benefits as of December 31, 2009 or the transition benefits for certain employees. Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included, to the extent they are deemed attributable to employee services rendered to the valuation date.

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. This 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.

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

TESORO CORPORATION RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

Subsequent Events — Management evaluated subsequent events for the Plan through **October 6, 2010**, the date the financial statements were available to be issued.

3. ACCUMULATED PLAN BENEFITS

The Plan's actuary estimated the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

Significant assumptions underlying the actuarial computations for 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Investment return	7.5% per annum	8.5% per annum
Normal retirement age	50 to 65	50 to 65
Mortality	2010 Pension Protection Act (PPA)	1994 Group Annuity Mortality Tables
Lump Sum Interest Rate	2010 PPA Funding Basis	6.5%
Lump Sum Mortality	2010 PPA	2009 PPA
Form of Payment	60% Lump Sum / 30% Life Only Annuity / 10% - 50% Contingent Annuity	100% Lump Sum

The foregoing assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits.

TESORO CORPORATION RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. INVESTMENTS

All investment information disclosed in the accompanying financial statements and supplemental schedules including investments held at December 31, 2009 and 2008, and net appreciation in fair value of investments, interest and dividends 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 and Prudential, the trustee and custodian of certain Plan assets, respectively.

The fair value of individual investments that represent 5% or more of the Plan's net assets available for benefits are as follows:

	December 31	
	2009	2008
American Growth Fund of America Growth Mutual Fund	32,105,776	\$ 26,285,695
Pyramis US Total Market Equity Pool	29,691,349	46,744,338
Pyramis International Growth Pool	18,130,258	14,941,331
Pyramis Diversified Large Cap Value Pool	17,786,391	14,516,074
Pyramis Select International Portfolio	17,573,180	14,990,546
Pyramis Large Capital Value II Pool	15,433,737	12,536,204
Pyramis Long Duration Pool	96,532,473	*
Pyramis Broad Market Duration	*	36,836,003
Prudential Insurance Company of America Property Investment Separate Commingled Real Estate Fund	*	16,117,346

* Investment is less than 5%.

During the year ended December 31, 2009, the Plan's investments (including gains and losses on investments bought, sold, as well as held during the year) appreciated (depreciated) in value as follows:

	2009
Common/collective trusts	\$ 31,950,980
Mutual funds	11,959,332
Pooled separate account	(6,396,605)
	<u>\$ 37,513,707</u>

5. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain of the Plan assets are invested in funds managed by Fidelity and Prudential. Fidelity and Prudential are the trustee and custodian, respectively, as defined by the Plan and, therefore, these transactions qualify as exempt party-in-interest transactions.

TESORO CORPORATION RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. 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.

7. RISKS AND UNCERTAINTIES

The Plan provides for investments in various securities through the investment funds, including but not limited to, debt and equity securities and real estate assets, among others. Investment securities are exposed to various risks, such as interest rate, credit 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.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

8. FAIR VALUE MEASUREMENTS

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 (i.e., an exit price). 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.

Shares of money market funds and level 1 U.S. equity mutual funds are valued using quoted market prices from national securities exchanges, which represent the net asset value of shares held by the Plan at year-end. Common collective trust funds and pooled separate accounts are stated at net asset value as determined by the issuer of the fund.

TESORO CORPORATION RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS (Continued)

The tables below present information about the Plan's major asset categories measured at fair value on a recurring basis by the three levels described above as of December 31, 2009 and 2008.

Assets at Fair Value as of December 31, 2009				
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 10,784,395	\$ -	\$ -	\$ 10,784,395
U.S. Equities				
U.S. large cap (a)	32,105,776	62,911,477	-	95,017,253
U.S. small/mid cap	13,472,990	-	-	13,472,990
International equities (b)	-	35,703,438	-	35,703,438
Fixed income				
Long duration bonds (c)	-	96,532,473	-	96,532,473
Pooled separate accounts:				
Real estate (d)	-	-	10,503,821	10,503,821
Total assets	<u>\$ 56,363,161</u>	<u>\$ 195,147,388</u>	<u>\$ 10,503,821</u>	<u>\$ 262,014,370</u>

Assets at Fair Value as of December 31, 2008				
	Level 1	Level 2	Level 3	Total
Money market fund	\$ 3,143,344	\$ -	\$ -	\$ 3,143,344
U.S. Equities				
U.S. large cap (a)	26,285,695	73,796,616	-	100,082,311
U.S. small/mid cap	10,577,300	-	-	10,577,300
International equities (b)	-	29,931,877	-	29,931,877
Fixed income				
Long duration bonds (c)	-	47,426,716	-	47,426,716
Pooled separate accounts:				
Real estate (d)	-	-	16,134,048	16,134,048
Total assets	<u>\$ 40,006,339</u>	<u>\$ 151,155,209</u>	<u>\$ 16,134,048</u>	<u>\$ 207,295,596</u>

- (a) These level 2 common/collective trust funds are designed to consistently provide excess return over a market cycle relative to market indexes (i.e., Russell 1000 Growth Index, Russell 1000 Value Index, Dow Jones, U.S. Total Stock Market Index) while maintaining similar style characteristics in sector weights. The Plan is required to provide 15 day notice if it wants to redeem any of its investment in the funds. The fair value of these investments has been estimated using the net asset value per share.
- (b) The common/collective trusts are designed to seek long-term growth of capital primarily through investments in foreign equity securities. These level 2 common/collective trust funds assets are invested in foreign securities of companies primarily located in developed countries outside the United States, including the Americas, Europe, the Far East, and Pacific Basin. The Plan is required to provide 15 day notice if it wants to redeem any of its investment in the funds. The fair value of these investments has been estimated using the net asset value per share.

TESORO CORPORATION RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS (Continued)

- (c) These common/collective trust funds invest in obligations issued or guaranteed by the U.S. or foreign governments, and investment grade debt obligations of both domestic and foreign corporations. The fixed income securities in this portfolio typically have maturities in excess of ten years. The Plan is required to provide 15 day notice if it wants to redeem any of its investment in the funds. The fair value of these investments has been estimated using the net asset value per share.
- (d) Represents holdings in a pooled separate account investing primarily in completed, income-producing properties with cash flows that are expected to increase over time and provide the potential for capital appreciation. This investment can be redeemed given a full calendar quarters notice provided the fund has sufficient liquidity. Withdrawals are only permitted on valuation dates, the last business day of the calendar quarter. The Plan has requested a distribution of its ownership interest in the fund over a year ago, and is waiting until the fund liquidates underlying investments to be able to complete the transaction. The Plan is required to provide 30 day notice if it wants to redeem over 50% of its investment in the funds. The fair value of these investments has been estimated using the net asset value per share.

The following table sets forth the changes in fair value for assets measured using significant unobservable inputs (level 3) during 2009:

Balance at January 1, 2009	\$ 16,134,048
Realized gains	843,938
Unrealized losses	(6,350,910)
Purchases, sales, issuances and settlements (net)	(123,255)
Balance at December 31, 2009	<u>\$ 10,503,821</u>

Realized and unrealized gains and losses included in net increase (decrease) in net assets available for benefits for the period from January 1, 2009, through December 31, 2009, are reported in net appreciation in fair value of investments in the statements of changes in net assets available for benefits.

9. SUBSEQUENT EVENTS

In June 2010, the Compensation Committee of the Board of Directors approved changes to the retirement benefits 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.

The Plan will change from a "Final Average Pay" based plan to a "Cash Balance" account based plan. The Final Average Pay benefit will only incorporate service through December 31, 2010 but continue to recognize changes in pay and age for determining early retirement status. Employees will begin to earn a Cash Balance benefit for service on or after January 1, 2011. The June 2010 Plan amendments are not reflected in the plan actuarial present value of accumulated plan benefits as of December 31, 2009 and 2008. Plan management does not expect that the June 2010 Plan amendments will have a significant impact on the Plan's financial statements.

SUPPLEMENTAL SCHEDULES

TESORO CORPORATION RETIREMENT PLAN
Schedule H, line 4i — Schedule of Assets Held at End of Year
As of December 31, 2009
EIN: 95-0862768 Plan No.: 001

Identity of Issue	Description of Investment	Cost	Current Value
*Prudential Insurance Company of America	Short-term Investment Fund	\$ 16,775	\$ 16,775
*Prudential Insurance Company of America	Property Investment Separate Commingled Real Estate Fund	16,287,975	10,487,046
Pyramis Global Advisors	US Total Market Equity Pool	30,268,958	29,691,349
Pyramis Global Advisors	International Growth Pool	15,635,213	18,130,258
Pyramis Global Advisors	Large Capital Value II Pool	15,312,687	15,433,737
Pyramis Global Advisors	Select International Portfolio	15,487,540	17,573,180
Pyramis Global Advisors	Diversified Large Cap Value Pool	19,091,940	17,786,391
Pyramis Global Advisors	Long Duration Pool	97,525,766	96,532,473
*Fidelity Management Trust Company	Money Market Fund Class I	10,784,395	10,784,395
American Growth Fund of America	Growth Mutual Fund	33,259,836	32,105,776
Columbia Acorn Trust Fund	Mutual Fund	13,816,611	13,472,990
Total investments		<u>\$ 267,487,696</u>	<u>\$ 262,014,370</u>

*Party-in-interest

TESORO CORPORATION RETIREMENT PLAN
Schedule H, line 4j — Schedule of Reportable Transactions
For the Year Ended December 31, 2009
EIN: 95-0862768 Plan No.: 001

<u>Party Involved/ Description of Asset</u>	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Cost of Assets</u>	<u>Current Value of Asset on Transaction Date</u>	<u>Net Gain (Loss)</u>
Category (i) Single Transactions:					
*Fidelity Management Trust Company					
Money Market Fund Class I					
Purchase.....	\$ 24,025,417	N/A	\$ 24,025,417	\$ 24,025,417	\$ -
Sale	N/A	\$25,000,000	25,000,000	25,000,000	-
Sale	N/A	25,000,000	25,000,000	25,000,000	-
*Fidelity Management Trust Company					
Long Duration Transition					
Purchase.....	25,000,000	N/A	25,000,000	25,000,000	-
Purchase.....	25,000,000	N/A	25,000,000	25,000,000	-
Sale	N/A	49,773,843	50,000,000	49,773,843	(226,157)
Purchase.....	24,264,740	N/A	24,264,740	24,264,740	-
Sale	N/A	23,845,824	24,264,740	23,845,824	(418,916)
Purchase.....	24,270,347	N/A	24,270,347	24,270,347	-
Sale	N/A	23,906,713	24,270,347	23,906,713	(364,248)
*Fidelity Management Trust Company					
Broad Market Duration					
Sale	N/A	19,826,871	15,966,175	19,826,871	3,860,696
Sale	N/A	19,790,098	15,966,149	19,790,098	3,823,949
*Fidelity Management Trust Company					
Long Duration					
Purchase.....	49,773,843	N/A	49,773,843	49,773,843	-
Purchase.....	23,845,824	N/A	23,845,824	23,845,824	-
Purchase.....	23,906,099	N/A	23,906,099	23,906,099	-
*Fidelity Management Trust Company					
US Total Market Equity					
Sale	N/A	24,000,000	26,005,643	24,000,000	(2,005,643)
Purchase.....	24,000,000	N/A	24,000,000	24,000,000	-
Sale	N/A	24,025,417	24,000,000	24,025,417	25,417

TESORO CORPORATION RETIREMENT PLAN

Schedule H, line 4j — Schedule of Reportable Transactions (Continued)

For the Year Ended December 31, 2009

EIN: 95-0862768 Plan No.: 001

<u>Party Involved/ Description of Asset</u>	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Cost of Assets</u>	<u>Current Value of Asset on Transaction Date</u>	<u>Net Gain (Loss)</u>
Category (iii) Series of Transactions:					
*Fidelity Management Trust Company					
Money Market Fund Class I					
Purchases	\$ 68,480,436	N/A	\$ 68,480,436	\$ 68,480,436	\$ -
Sales	N/A	60,839,386	60,839,386	60,839,386	-
*Fidelity Management Trust Company					
Long Duration Transition					
Purchases	98,535,087	N/A	98,535,087	98,535,087	-
Sales	N/A	97,526,380	98,535,087	97,526,380	(1,009,320)
*Fidelity Management Trust Company					
Broad Market Duration					
Purchases	772,594	N/A	772,594	772,594	-
Sales	N/A	43,880,339	35,776,795	43,880,339	8,103,544
*Fidelity Management Trust Company					
High Yield Bond Pool					
Purchases	212,402	N/A	212,402	212,402	-
Sales	N/A	14,566,254	12,010,679	14,566,254	2,555,459
*Fidelity Management Trust Company					
Long Duration					
Purchases	97,525,766	N/A	97,525,766	97,525,766	-
*Fidelity Management Trust Company					
US Total Market Equity					
Purchases	1,025,920	N/A	1,025,920	1,025,920	-
Sales	N/A	27,491,534	30,182,735	27,491,534	(2,691,201)
*Fidelity Management Trust Company					
Total Market Equity Transition					
Purchases	24,000,000	N/A	24,000,000	24,000,000	-
Sale	N/A	24,025,417	24,000,000	24,025,417	25,417

* All transactions on market

There were no category (ii) or (iv) transactions for the year ended December 31, 2009.

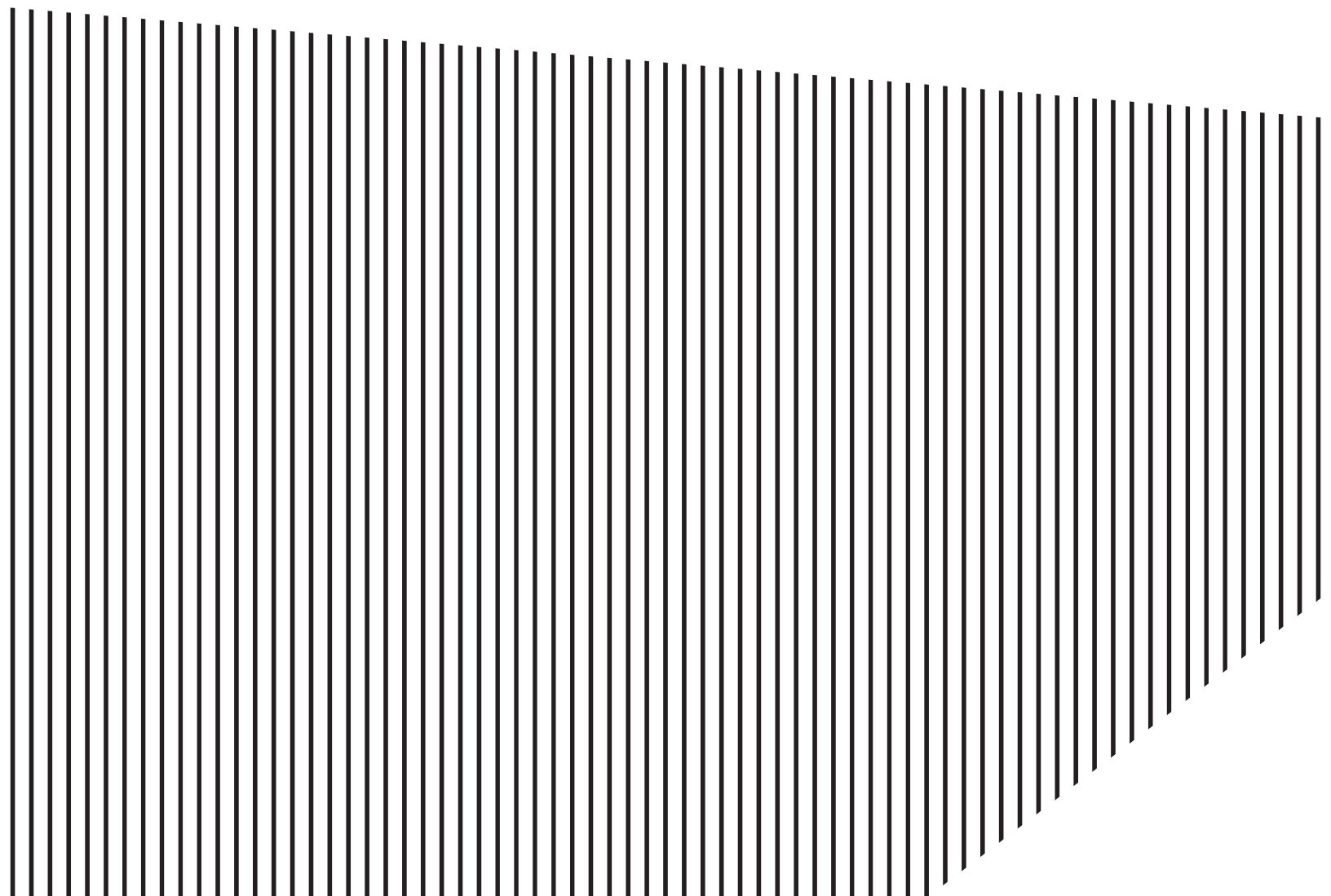
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TESORO CORPORATION RETIREMENT PLAN
Schedule H, line 4i — Schedule of Assets Held at End of Year
As of December 31, 2009
EIN: 95-0862768 Plan No.: 001

Identity of Issue	Description of Investment	Cost	Current Value
*Prudential Insurance Company of America	Short-term Investment Fund	\$ 16,775	\$ 16,775
*Prudential Insurance Company of America	Property Investment Separate Commingled real estate fund)	16,287,975	10,487,046
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Pyramis Global Advisors	Diversified Large Cap Value Pool	19,091,940	17,786,391
Pyramis Global Advisors	Long Duration Pool	97,525,766	96,532,473
*Fidelity Management Trust Company	Money Market Fund Class I	10,784,395	10,784,395
American Growth Fund of America	Growth Mutual Fund	33,259,836	32,105,776
Columbia Acorn Trust Fund	Mutual Fund	13,816,611	13,472,990
Total investments		<u>\$ 267,487,696</u>	<u>\$ 262,014,370</u>

*Party-in-interest

TESORO CORPORATION RETIREMENT PLAN
Schedule H, line 4j — Schedule of Reportable Transactions
For the Year Ended December 31, 2009
EIN: 95-0862768 Plan No.: 001

<u>Party Involved/ Description of Asset</u>	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Cost of Assets</u>	<u>Current Value of Asset on Transaction Date</u>	<u>Net Gain (Loss)</u>
Category (i) Single Transactions:					
*Fidelity Management Trust Company					
Money Market Fund Class I					
Purchase.....	\$ 24,025,417	N/A	\$ 24,025,417	\$ 24,025,417	\$ -
Sale	N/A	\$25,000,000	25,000,000	25,000,000	-
Sale	N/A	25,000,000	25,000,000	25,000,000	-
*Fidelity Management Trust Company					
Long Duration Transition					
Purchase.....	25,000,000	N/A	25,000,000	25,000,000	-
Purchase.....	25,000,000	N/A	25,000,000	25,000,000	-
Sale	N/A	49,773,843	50,000,000	49,773,843	(226,157)
Purchase.....	24,264,740	N/A	24,264,740	24,264,740	-
Sale	N/A	23,845,824	24,264,740	23,845,824	(418,916)
Purchase.....	24,270,347	N/A	24,270,347	24,270,347	-
Sale	N/A	23,906,713	24,270,347	23,906,713	(364,248)
*Fidelity Management Trust Company					
Broad Market Duration					
Sale	N/A	19,826,871	15,966,175	19,826,871	3,860,696
Sale	N/A	19,790,098	15,966,149	19,790,098	3,823,949
*Fidelity Management Trust Company					
Long Duration					
Purchase.....	49,773,843	N/A	49,773,843	49,773,843	-
Purchase.....	23,845,824	N/A	23,845,824	23,845,824	-
Purchase.....	23,906,099	N/A	23,906,099	23,906,099	-
*Fidelity Management Trust Company					
US Total Market Equity					
Sale	N/A	24,000,000	26,005,643	24,000,000	(2,005,643)
Purchase.....	24,000,000	N/A	24,000,000	24,000,000	-
Sale	N/A	24,025,417	24,000,000	24,025,417	25,417

TESORO CORPORATION RETIREMENT PLAN

Schedule H, line 4j — Schedule of Reportable Transactions (Continued)

For the Year Ended December 31, 2009

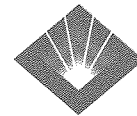
EIN: 95-0862768 Plan No.: 001

<u>Party Involved/ Description of Asset</u>	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Cost of Assets</u>	<u>Current Value of Asset on Transaction Date</u>	<u>Net Gain (Loss)</u>
Category (iii) Series of Transactions:					
*Fidelity Management Trust Company					
Money Market Fund Class I					
Purchases	\$ 68,480,436	N/A	\$ 68,480,436	\$ 68,480,436	\$ -
Sales	N/A	60,839,386	60,839,386	60,839,386	-
*Fidelity Management Trust Company					
Long Duration Transition					
Purchases	98,535,087	N/A	98,535,087	98,535,087	-
Sales	N/A	97,526,380	98,535,087	97,526,380	(1,009,320)
*Fidelity Management Trust Company					
Broad Market Duration					
Purchases	772,594	N/A	772,594	772,594	-
Sales	N/A	43,880,339	35,776,795	43,880,339	8,103,544
*Fidelity Management Trust Company					
High Yield Bond Pool					
Purchases	212,402	N/A	212,402	212,402	-
Sales	N/A	14,566,254	12,010,679	14,566,254	2,555,459
*Fidelity Management Trust Company					
Long Duration					
Purchases	97,525,766	N/A	97,525,766	97,525,766	-
*Fidelity Management Trust Company					
US Total Market Equity					
Purchases	1,025,920	N/A	1,025,920	1,025,920	-
Sales	N/A	27,491,534	30,182,735	27,491,534	(2,691,201)
*Fidelity Management Trust Company					
Total Market Equity Transition					
Purchases	24,000,000	N/A	24,000,000	24,000,000	-
Sale	N/A	24,025,417	24,000,000	24,025,417	25,417

* All transactions on market

There were no category (ii) or (iv) transactions for the year ended December 31, 2009.

October 8, 2010



TESORO

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

Richard Mackesey
14911 Quorum Drive
Suite 200
Dallas, Texas 75240-7534

Re: Notice to Terminated Enrolled Actuary

Dear Rich,

As Plan Administrator, we are providing this Notice as explanation concerning your termination reported on Schedule C (Form 5500) attached to the 2009 Annual Return/Report of Employee Benefit Plan Form 5500 for the Tesoro Corporation Retirement Plan. This Form 5500 is identified in line 2b by the nine-digit EIN 95-0862768 and in line 1b by the three-digit PN 001.

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

Office of Enforcement
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

The reason for this termination is a change in the company providing actuarial services.

Sincerely,

Lauren Butler
Manager, Retirement Benefits
Tesoro Corporation
Plan Administrator

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 11 – Explanation of Interest Adjustment for Excess Contributions under Special Final Rule

	FSCB	PFB	Total
A. Funding balances as of 1/1/2008	96,263,111	N/A	96,263,111
B. Balances elected to satisfy 2008 minimum	27,598,044	N/A	27,598,044
C. Remaining balances [A. – B.]	68,665,067	N/A	68,665,067
D. 2008 market value rate of return	(-31.070%)	(-31.070%)	
E. Interest [C. x D.]	(21,334,236)	N/A	(21,334,236)
F. Addition to PFB as of 1/1/2009			
1. Prior year minimum contribution, Not reflecting credit balance		31,858,091	
2. Discounted value of employer contributions		39,627,454	
3. Excess contributions subject to effective rate max(0, F2 – F1)		7,769,363	
4. Total excess contributions max (0, F2 – max(0, F1 – B total)		35,367,407	
5. Excess contributions subject to market rate of return max(0, F4 – F3)		27,598,044	
6. Prior year effective rate		5.96%	
7. Interest [(F3 x F6) + (F5 x D)]		(8,111,658)	
8. Total available to add to PFB (F3 + F5 + F7)		27,255,749	
9. Amount of excess elected to be added to PFB		27,255,749	
G. Amount surrendered ⁽¹⁾	0	0	0
H. Funding balances as of 1/1/2009 (C. + E. + F9 – G.)	47,330,831	27,255,749	74,586,580

(1) The plan sponsor may elect to surrender, or may be required to surrender, all or a portion of the funding Balance in order to avoid At-Risk status, shortfall amortization and/or benefit restrictions.

Plan Name: Tesoro Corporation Retirement Plan
 EIN / PN: 95-086278 / 001
 Plan Sponsor: Tesoro Corporation
 Valuation Date: January 1, 2009

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

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▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

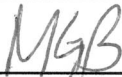
A Name of plan TESORO CORPORATION RETIREMENT PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF TESORO CORPORATION		D Employer Identification Number (EIN) 95-0862768
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>			
2 Assets:			
a Market value.....	2a	240,909,218	
b Actuarial value.....	2b	265,000,140	
3 Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	688	45,463,885
b For terminated vested participants	3b	751	14,516,276
c For active participants:			
(1) Non-vested benefits.....	3c(1)		30,982,212
(2) Vested benefits.....	3c(2)		138,675,858
(3) Total active	3c(3)	3,774	169,658,070
d Total.....	3d	5,213	229,638,231
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	8.32 %	
6 Target normal cost.....	6	27,405,159	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

Signature of actuary

Michael G. Baker

Type or print name of actuary

Towers Watson Delaware Inc.

Firm name
1301 McKinney Street, Suite 3000

Houston

TX 77010-3033

Address of the firm

10/04/2010

Date

08-04175

Most recent enrollment number

(713) 507-1700

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	96,263,111	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	27,598,044	0
9 Amount remaining (Item 7 minus item 8).....	68,665,067	0
10 Interest on item 9 using prior year's actual return of <u>(31.07)</u> %	(21,334,236)	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		35,367,407
b Interest on (a) using prior year's effective rate of <u>5.96</u> %		(8,111,658)
c Total available at beginning of current plan year to add to prefunding balance		27,255,749
d Portion of (c) to be added to prefunding balance.....		27,255,749
12 Reduction in balances due to elections or deemed elections.....		0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	47,330,831	27,255,749

Part III Funding percentages

14 Funding target attainment percentage.....	14	82.92 %
15 Adjusted funding target attainment percentage.....	15	115.40 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	116.90 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
01/28/2010	4,500,000				
02/25/2010	2,148,710				
08/31/2010	4,000,000				
Totals ▶			18(b)	10,648,710	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	9,591,501

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost			
21 Discount rate:			
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: % ☒ N/A, full yield curve used
b Applicable month (enter code)			21b
22 Weighted average retirement age			22 59
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			
Part VI Miscellaneous items			
24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No			
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No			
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No			
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment			27
Part VII Reconciliation of unpaid minimum required contributions for prior years			
28 Unpaid minimum required contribution for all prior years			28 0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)			29
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)			30 0
Part VIII Minimum required contribution for current year			
31 Target normal cost, adjusted, if applicable (see instructions)			31 27,405,159
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment			
b Waiver amortization installment			
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount			33
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)			34 27,405,159
	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	27,405,159		27,405,159
36 Additional cash requirement (item 34 minus item 35)			36 0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)			37 9,591,501
38 Interest-adjusted excess contributions for current year (see instructions)			38 9,591,501
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)			39 0
40 Unpaid minimum required contribution for all years			40 0

SCHEDULE SB ATTACHMENTS (cont.)

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Plan Sponsor Tesoro Corporation

EIN/PN 95-0862768 / 001

Discount rates Current plan year PPA effective interest rate: 8.32%

Prior plan year PPA effective interest rate: 5.96%

Full yield curve

Applicable Month: November (average of spot rates for the month of October)

Transition Election: No transition.

Assumed cost-of-living adjustments None

Inclusion date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Administrative expenses

Administrative expenses of \$2,500,000 expected in 2009.

Mortality

	Current Year	Prior Year
Annuitant	RP-2000 Healthy Annuitant table projected to 2016	RP-2000 Healthy Annuitant table projected to 2015
Non-Annuitant	RP-2000 Employees table projected to 2024	RP-2000 Employees table projected to 2023

Plan Name: Tesoro Corporation Retirement Plan
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Plan Sponsor: Tesoro Corporation
Valuation Date: January 1, 2009

SCHEDULE SB ATTACHMENTS (cont.)

Retirement

The rates at which participants are assumed to retire are shown below:

Percentage retiring during the year		
Age	Early Retirement Rates	Rule of 80 Retirement Rates
50		3.42%
51		3.09
52		3.18
53		4.35
54		5.25
55	10.0%	6.50
56	10.0	7.35
57	10.0	11.25
58	10.0	16.29
59	10.0	22.50
60	10.0	30.00
61	10.0	30.00
62	20.0	50.00
63	20.0	37.50
64	20.0	30.00
65	100.0	100.00

Disability Rates (per 100 employees)

None assumed, except for former Shell participants. Sample rates are provided below:

Age	Percentage of Disability
25	0.048%
30	0.060%
35	0.078%
40	0.102%
45	0.150%
50	0.252%
55	0.456%

Compensation increases

For purposes of determining the additional funding target for maximum deductible contribution purposes, compensation is assumed to increase by 4.500% per annum. The assumed annual rate of future salary increases for the determination of Target Normal Cost is 3.0% for 2009.

Plan Name: Tesoro Corporation Retirement Plan
EIN / PN: 95-0862768 / 001
Plan Sponsor: Tesoro Corporation
Valuation Date: January 1, 2009

SCHEDULE SB ATTACHMENTS (cont.)

Future increases in Social Security

3.50% annual increases in the National Average Wage Index are assumed.

Future increases in Maximum Benefits and Plan Compensation Limitations

Accrued benefits projected to be paid in future years are limited to the maximum presently allowed under IRC § 415. Plan compensation is limited to the maximum presently allowed under IRC § 401(a)(17). No provision is made for future increases in the maximum annual benefit or compensation limit.

Representative termination rates (per 100 employees) not due to disability, retirement or mortality

The sample rates at which participants are assumed to leave the Company by age and gender are shown below:

Attained Age	Probability of Withdrawal	
	Males	Females
25	14.9%	22.4%
30	10.4	14.9
35	7.4	10.4
40	5.0	7.2
45	3.3	4.8
50	2.0	2.8
55	0.9	1.3

The sample rates at which Northstore participants are assumed to leave the Company by age are provided below:

Age	Males / Females
25	35.0%
30	32.0
35	29.0
40	26.0
45	23.0
50	20.0
55	12.0

Withdrawal rates for participants eligible for retirement are assumed to be zero.

Plan Name: Tesoro Corporation Retirement Plan
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SCHEDULE SB ATTACHMENTS (cont.)

Marriage

It is assumed that 100% of males and females are married. Wives are assumed to be three years younger than their husbands.

Actuarial Cost Method

For minimum required and maximum contribution purposes: The Funding Target is the present value of accrued benefits based on compensation and service to date. The Target Normal cost is the present value of benefits expected to be accrued during the current plan year, including the effect of expected compensation increases during the year.

Asset valuation method

For minimum required and maximum contribution purposes: The valuation assets are determined using a method that spreads asset gains/(losses) over two years. The gain/(loss) for each period is determined as the actual return during the period less the expected return based on an assumed earnings rate chosen by the actuary, but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of market value. Accrued contributions, if any, are included in the Valuation Assets.

Participant data

Data was provided by the prior actuary as of January 1, 2009.

Benefits not included in valuation

None.

PBGC Premium Funding Target

For purposes of determining the PBGC Premium Funding Target, the Standard Premium Funding Target was determined using the assumptions described above, except the 3-segment interest spot rates for December 2008 were used instead of the above interest assumption.

Nature of actuarial calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. We believe that the use of approximations in our calculations has not resulted in a significant difference relative to the results we would have obtained by using more detailed calculations.

Plan Name: Tesoro Corporation Retirement Plan
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SCHEDULE SB ATTACHMENTS (cont.)

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations.

The assumptions selected for this valuation other than those prescribed by law, generally reflect long-term average expectations. If overall future plan experience is less favourable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

Changes in Assumptions and Methods since Last Actuarial Valuation

In accordance with PPA, as amended by WRERA and recent IRS guidance, the interest rates used to value the Funding Target and Target Normal Cost were changed from the three segment rates to the full yield curve with two-month lookback. This change receives automatic approval from the IRS. The mortality table was also updated in accordance with PPA. Also, expected administration and investment expenses were added to the Target Normal Cost as required by WRERA.

Plan Name: Tesoro Corporation Retirement Plan
EIN / PN: 95-0862768 / 001
Plan Sponsor: Tesoro Corporation
Valuation Date: January 1, 2009

SCHEDULE SB ATTACHMENTS (cont.)

Schedule SB, Part V – Summary of Plan Provisions

Plan Sponsor

Tesoro Corporation

Plan

Tesoro Corporation Retirement Plan

Effective Date of Plan and Most Recent Amendment

The plan was originally effective January 1, 1969. It was amended and restated effective January 1, 2008.

Plan Year

The twelve-month period ending December 31.

Coverage and Participation

A United States employee of Tesoro Corporation or one of its subsidiary companies which has adopted this Plan will become a participant on the first day of the month if:

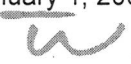
- 1) Employee has worked 12 consecutive months from date of hire and credited with 1,000 hours

or
- 2) Employee has worked 1,000 hours in a subsequent 12 month period beginning January 1 through December 31

Eligible Compensation

Amounts paid which are required to be reported on income tax and withholding statement (W-2) inclusive of overtime pay, commissions and normal bonuses but excluding special income because of services overseas, expense allowances, special recognition awards and all other extraordinary compensation.

Plan Name: Tesoro Corporation Retirement Plan
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Valuation Date: January 1, 2009

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SCHEDULE SB ATTACHMENTS (cont.)

Final Monthly Compensation

Average of the highest consecutive, 36-month period of eligible compensation in the past 10-year period.

Average Final Compensation

Average of high 36-month earnings in last 12 months of Shell earnings. Generally the same as Tesoro eligible compensation however, overtime and other bonuses are not included.

Benefit Service

Generally each month of service a participant works, a month of Benefit Services is earned. Benefit Service starts from hire date or date of acquisition if later. Participants earn service from date of hire or from the dates below if acquired participants:

Benefit Service Table	
Former Plan Participants	Applicable Date
BP Amoco	September 6, 2001
Golden Eagle	May 17, 2002
LAR (Shell Los Angeles)	May 11, 2007
Shell	August 1, 1998

Normal Retirement Date

The later of attained age 65 or 5 years of participation in the plan.

Normal Retirement Benefit

Tesoro Benefit Formula:

Sum of (i) and (ii)

- (i) 1.1% of participant's Final Average Monthly Compensation multiplied by the number of years of Benefit Service.
- (ii) 0.5% of participant's Final Average Monthly Compensation in excess of the Social Security Covered Compensation multiplied by the number of years of Benefit Service to a maximum of 35 years

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SCHEDULE SB ATTACHMENTS (cont.)

Benefit for Former BP Amoco, Golden Eagle and LAR Participants:

Greater of (i) and (ii) where

- (i) Tesoro benefit formula above based on Tesoro service from Benefit Service table above
- (ii) Tesoro benefit formula above using all service (service with Tesoro and prior plan service) minus the prior plan frozen benefit.

Note: Generally all service in (ii) above is from date of hire, however it is from January 1, 2003 for LAR participants.

Benefit for Former Shell Participants:

Greater of (i) and (ii) below:

- (i) Tesoro benefit formula above based on Tesoro service from Benefit Service table above
- (ii) 1.60% of participant's Final Average Compensation multiplied by Benefit Service (all periods) minus August 1, 1998 Shell Benefit and minus Social Security offset. With the Social Security benefit being calculated as 1.50% of the projected Benefit Service (to Social Security Normal Retirement Age max of 33 1/3) times Primary Social Security Benefit times Benefit Service to date divided by Projected Benefit Service.

Plan Name: Tesoro Corporation Retirement Plan
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SCHEDULE SB ATTACHMENTS (cont.)

Early Retirement Benefit

A participant is eligible for early retirement when he has either (i) age 50 if age plus vesting service is greater than or equal to 80, or (ii) both age 55 and completed 5 years of vesting service.

The benefit calculation as defined above based on Benefit Service and Pay as of early retirement date but reduced according to the schedule below:

Age	Age + Svc $\geq$ 80 Percentage of NR Benefit	Age + Svc < 80 Percentage of NR Benefit
65	100%	100%
64	100%	100%
63	100%	100%
62	100%	100%
61	100%	92.8%
60	100%	85.7%
59	95%	78.6%
58	90%	71.4%
57	85%	64.3%
56	80%	59.1%
55	75%	50.0%
54	70%	N/A
53	65%	N/A
52	60%	N/A
51	55%	N/A
50	50%	N/A

Note: The factors described above would apply to the benefit described in Normal Retirement section for Tesoro, BP Amoco, and LAR participants.

Plan Name: Tesoro Corporation Retirement Plan
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TOWERS WATSON 

SCHEDULE SB ATTACHMENTS (cont.)

Former Golden Eagle Participants

The factors above are applied to the Tesoro portion of the benefit (either Tesoro only or Tesoro all service).

The factors below are applied to the frozen Golden Eagle benefit based on status at acquisition date:

Service Age Points	<10 <55 N/A Reduction to NR	10+ <55 N/A Reduction to NR	10+ 55+ N/A Reduction to NR	N/A 55+ 85+ Reduction to NR
65	100%	100%	100%	100%
64	90%	93%	100%	100%
63	82%	87%	100%	100%
62	74%	80%	100%	100%
61	67%	73%	100%	100%
60	61%	67%	100%	100%
59	55%	63%	93%	100%
58	50%	60%	87%	100%
57	46%	57%	80%	100%
56	42%	53%	73%	100%
55	38%	50%	67%	100%
54	35%	46%	N/A	N/A
53	32%	42%	N/A	N/A
52	29%	38%	N/A	N/A
51	27%	35%	N/A	N/A
50	25%	32%	N/A	N/A

Note that if participant qualifies for Tesoro Rule of 85 (last column above), his Tesoro only benefit will be unreduced for ages after age 60 and 95% for ages prior to 60. Tesoro Rule of 85 is applicable when, as of the acquisition date, the participant has attained age 55 and has at least 85 points.

Plan Name: Tesoro Corporation Retirement Plan
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SCHEDULE SB ATTACHMENTS (cont.)

Former BP Amoco Participants

In addition to the above benefits, participants who were age 40 and above at acquisition and ultimately qualify for early retirement benefits are eligible for a Special Social Security supplement. This benefit will be paid until the participant attains age 62.

The supplement amount is equal to \$50 times vesting service up to 20 years plus \$45 times vesting benefit greater than 20 years.

Vesting service is limited to service through December 31, 2010. The supplement is then reduced to reflect age at commencement based on the factors below:

Age	Vesting Service + Age	Vesting Sum + Age
	≥ 55	< 55
62	100%	100%
61	100%	100%
60	100%	100%
59	97%	85%
58	94%	70%
57	91%	55%
56	88%	40%
54	77%	10%
53	69%	N/A
52	61%	N/A
51	53%	N/A
50	45%	N/A

Former Shell Participants

The greater of (i) and (ii) below:

- (i) It's the total service Shell benefit, calculated as of 1.60% of the service times average final compensation, minus Social Security offset (only after attainment of age 65) minus August 1, 1998 Shell benefit.
- (ii) Tesoro formula based on service for Benefit Service table.

Where amounts above are reduced in accordance with early retirement table. Note that August 1, 1998 Shell benefit will only be offset at age 65, unless was eligible at August 1, 1998 for an early retirement benefit.

Plan Name: Tesoro Corporation Retirement Plan
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SCHEDULE SB ATTACHMENTS (cont.)

Death Benefit

A participant is eligible for a death benefit after completing 3 years of vesting service. The death benefit amount is actuarial equivalent of the greater of (i) and (ii).

- (i) Lump sum value of deferred normal retirement benefit
- (ii) Lesser of a) and b)
 - a) Monthly rate of payment at date of death times 12
 - b) Anticipated monthly retirement benefit commencing at Normal Retirement date assuming participant would have received monthly rate of payment according to Normal Retirement date of the rate in effect at date of death times 100.

Vested Benefits Upon Termination of Service

If a participant terminates his service prior to his normal retirement date and has 5 years of vesting service, the deferred vested benefit is equal to the benefit computed based on pay and service as of the termination date. The benefit will commence at Normal Retirement Date, or reduced benefits may commence as early as age 55. The lump sum value of the accrued retirement benefit is credited with interest from termination date to the date retirement payments commence.

Disability Benefit

A participant is eligible for disability upon completing 5 years of vesting service and becoming totally and permanently disabled. The benefit amount is calculated in the same manner as the Normal Retirement Benefit above, however assuming that pay and service continue at the same rate as in effect at time of disability to normal retirement date.

Optional Forms of Retirement Income

Optional forms of payment include: single life annuity, 10 year certain and life, 50% Joint and Survivor, 75% Joint and Survivor, 66 2/3% Joint and Survivor, 66 2/3% Joint and Survivor with 10 years certain option, and lump sum. Note that the lump sum is limited to \$25,000 if participant was hired after December 31, 2005.

Changes in Plan Provisions since Last Year

None.

Plan Name: Tesoro Corporation Retirement Plan
EIN / PN: 95-0862768 / 001
Plan Sponsor: Tesoro Corporation
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