



Tesoro Logistics LP NAPTP Conference

May 2011

Forward Looking Statements

This Presentation includes forward-looking statements. These statements relate to, among other things, projections of operational volumetrics and improvements, growth projects, cash flows and capital expenditures. We have used the words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "should", "will", "potential", "forecast" and similar terms and phrases to identify forward-looking statements in this Presentation.

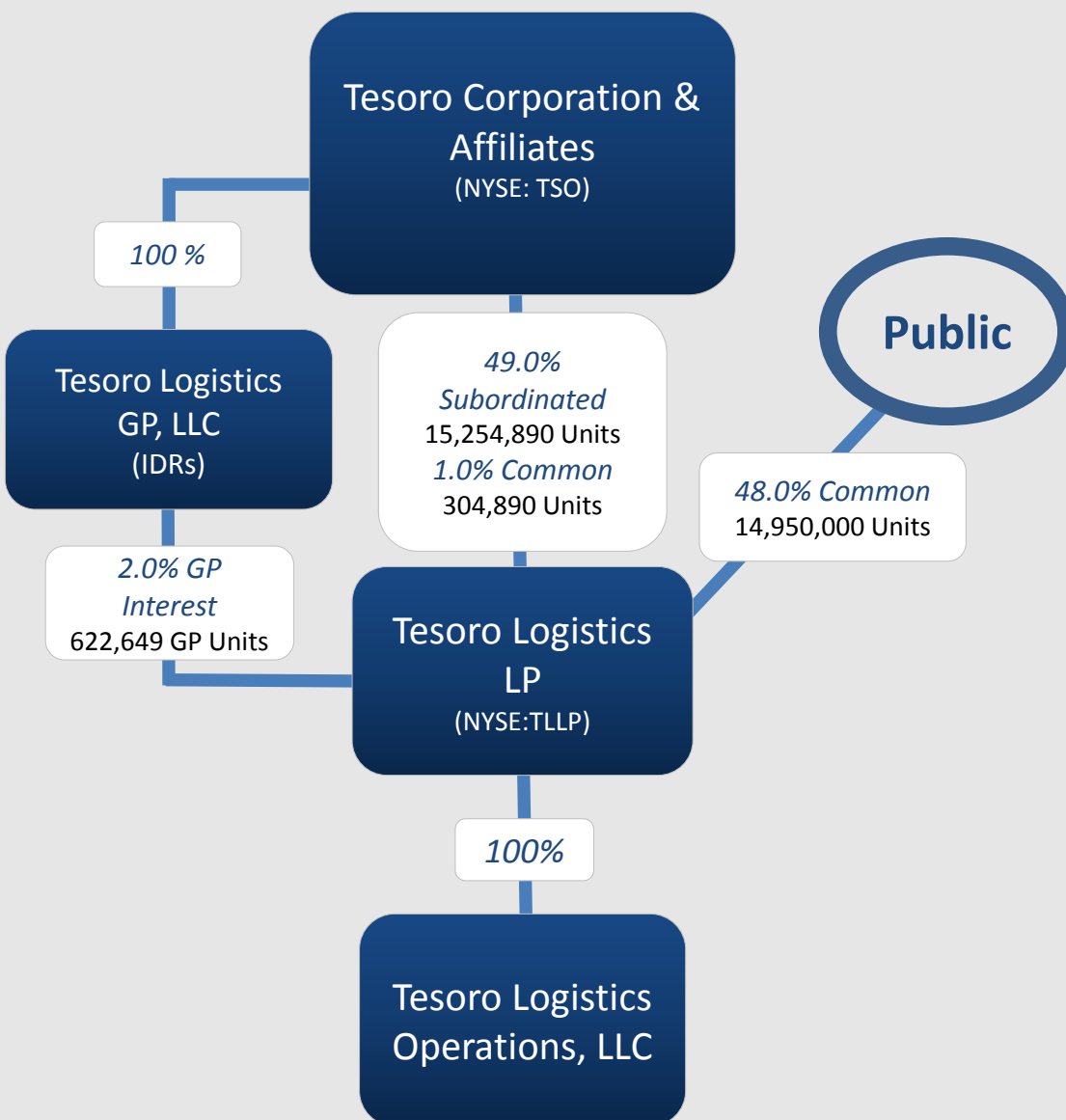
Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Our operations involve risks and uncertainties, many of which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

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



Introduction and Overview

Organizational Overview



- Formed by Tesoro to own, operate, develop and acquire crude oil and refined products logistics assets and to support Tesoro's growth strategy
- IPO completed in April 2011
 - Offering closed at the high end of the price range at \$21/unit
 - Offering upsized to 14.95 million units

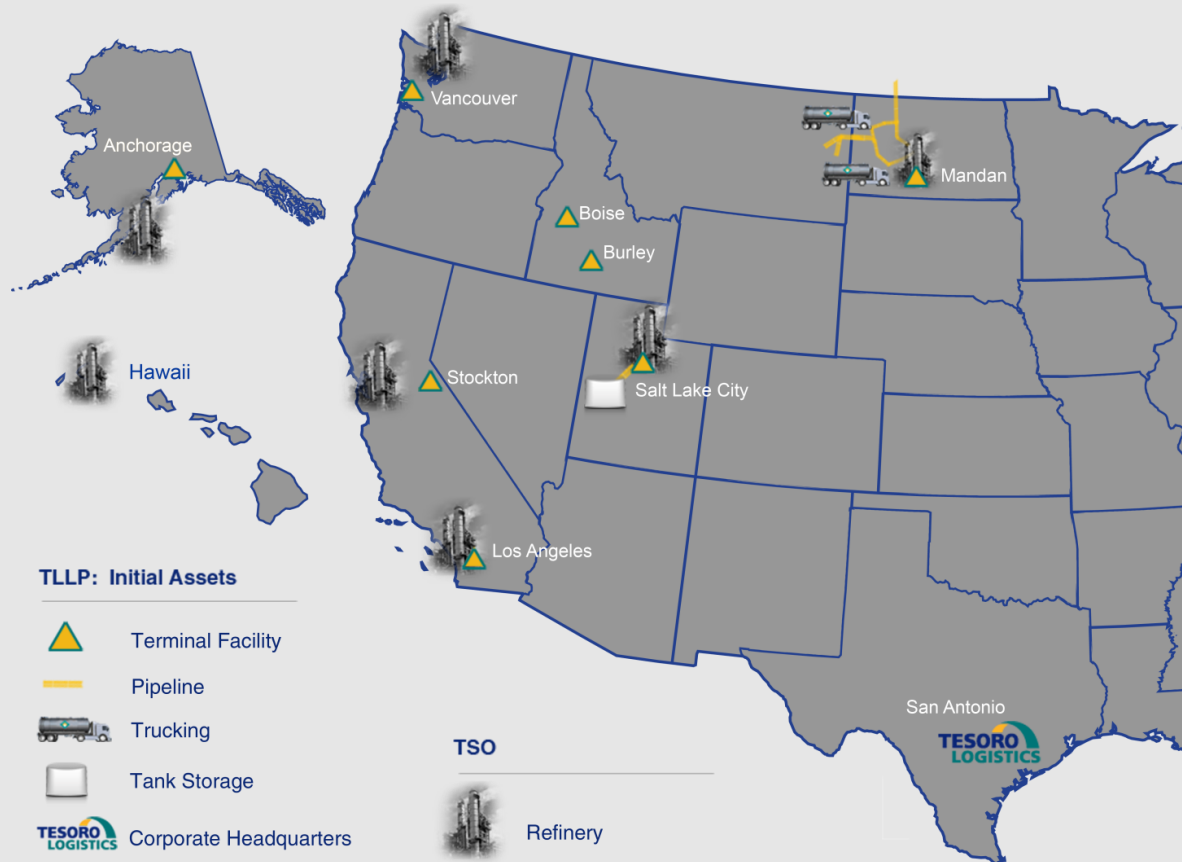


Crude Oil Gathering

- Premier crude gathering system in the growing Bakken Shale/ Williston Basin production area
- Sole source of supply to Tesoro's Mandan refinery

Terminalling, Transportation and Storage

- 8 Refined product terminals in the Western U. S.
- Refined product and crude oil storage facility and short-haul pipelines in Salt Lake City, Utah



Stable cash flows are core to our business

- **Long-term contracts**
 - All 10-year contracts except for trucking
 - Renewal options extend another 10 years, except for trucking
- **Fee-based and inflation protected**
 - 100% fee-based contracts
 - Standard FERC or CPI-U escalation provisions
 - Fuel and mileage surcharges for trucking agreement
- **Fixed minimum volume commitments**
 - 84% of pro forma revenues backed by fixed minimum volume commitments from our sponsor
 - Unilateral force majeure at TLLP
- **Minimal commodity exposure risk**
 - No inventory ownership

Tesoro is our parent sponsor

- **Second largest US independent refiner/marketer by capacity**
 - 7 Refineries
 - 665 mbpd capacity
 - Nearly 1,200 retail stations primarily branded Tesoro[®], Shell[®] and USA Gasoline[™]
- **Focused on higher-margin markets in the western US**
- **Logistics assets offer growth platform**
- **Access to growing Pacific Rim**
- **Approximately \$5 Billion of enterprise value**



Note: Enterprise Value calculated as market value of equity as of May 19, 2011 using debt net of cash and common stock outstanding included in Tesoro Corporation's Annual Report on Form 10-K

Logistics is a key part of Tesoro's growth strategy

- **Tesoro will be a superior sponsor**
 - Strategic footprint that cannot be replicated
 - Logistics growth drives additional value capture in refining, marketing and trading businesses at Tesoro
 - The MLP will focus on fee-based opportunities
- **Leverages strategic value of embedded logistics assets**
- **Improves cost of capital/source of funds for potential organic growth opportunities**
- **Creates strategic vehicle for partnering around growth opportunities**

Attractive, Visible Growth Opportunities

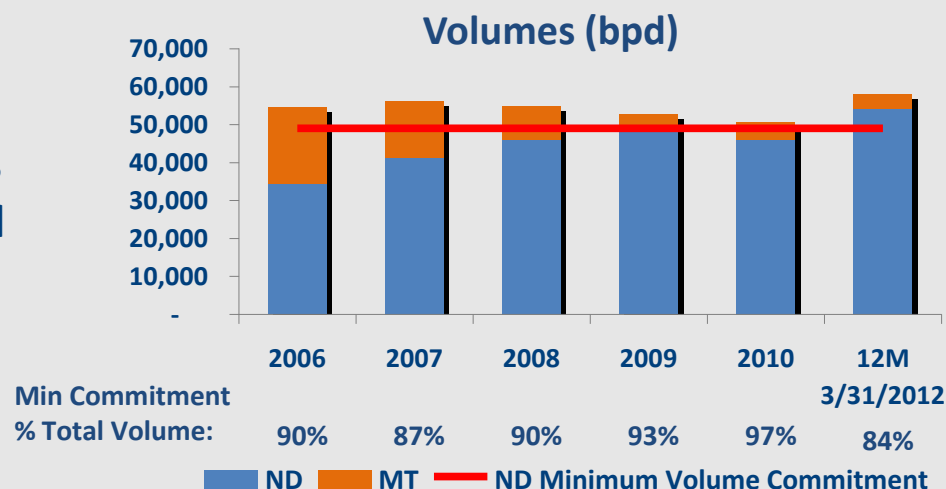
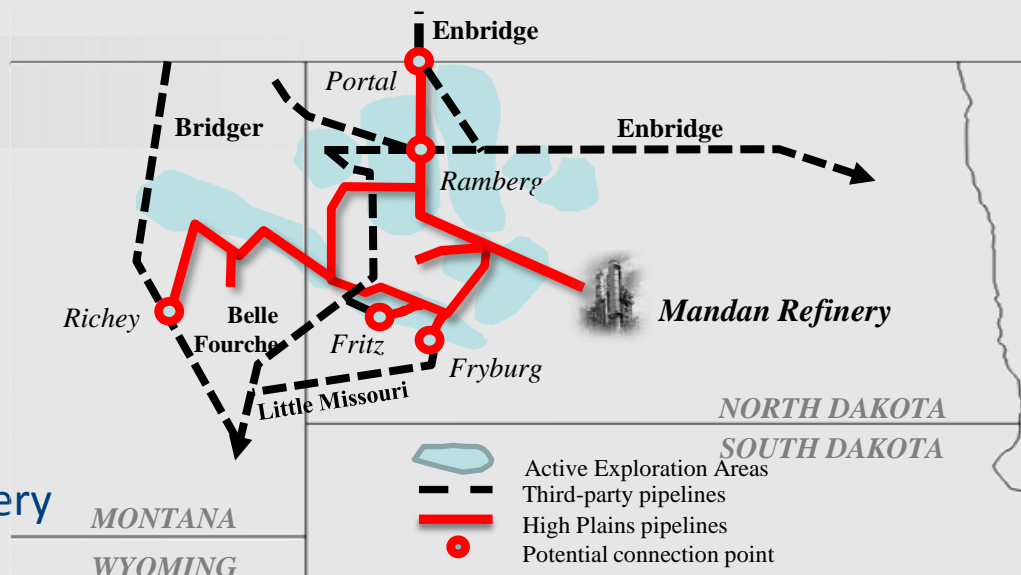
Growth Dimension	Growth Potential	TLLP Advantage
Optimization	<ul style="list-style-type: none"> • Third-party volumes • Operating efficiencies • Improved utilization 	<ul style="list-style-type: none"> • Established platform in the Bakken Shale • Strategic location
Organic Growth	<ul style="list-style-type: none"> • Infrastructure requirements in the Bakken Shale • Growth in Tesoro R&M activities 	<ul style="list-style-type: none"> • Operational experience • Successful track record • Strategic Tesoro partner
Drop-downs	<ul style="list-style-type: none"> • Visible drop-down inventory • Access to future Tesoro growth 	<ul style="list-style-type: none"> • Tesoro relationship • Right-of-first-offer on certain Tesoro logistics assets <ul style="list-style-type: none"> – ~\$240 million gross book value
Acquisitions	<ul style="list-style-type: none"> • Bolt-on opportunities • Participate in Tesoro growth opportunities 	<ul style="list-style-type: none"> • Competitive footprint in Western U.S. • Attractive cost of capital



Assets and Growth Opportunities

Pipeline Gathering

- Premier gathering system in the Bakken Shale/Williston Basin
- Current system capacity is 70 mbpd
 - Tesoro expanding Mandan refinery by 10 mbpd to 68 mbpd
 - Expected completion by 2Q12
- Existing and potential interconnects with key third party regional pipelines provide potential for optimization and expansion opportunities



Note: See our Prospectus filed with the SEC on April 21, 2011 for the assumptions related to our pro forma forecast for the twelve months ending March 31, 2012

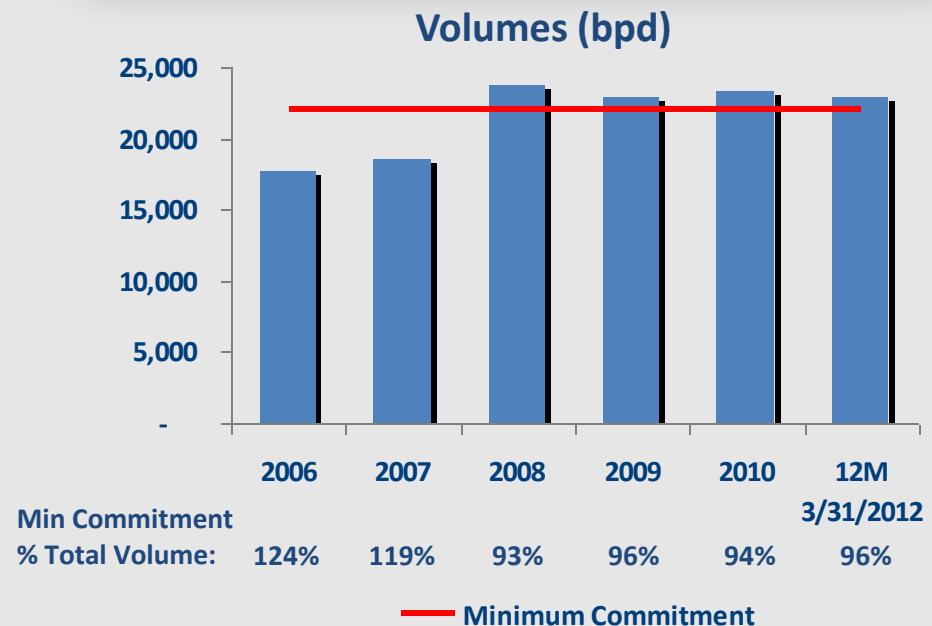
Trucking

Operations

- 23 mbpd fee-based truck gathering operation
- Proprietary and third-party trucks
- Integral to Bakken gathering
 - Delivers into High Plains trunk line system

Fees and Services

- Forecasted weighted average trucking fee of approximately \$2.94 per barrel for truck hauling and tank usage services



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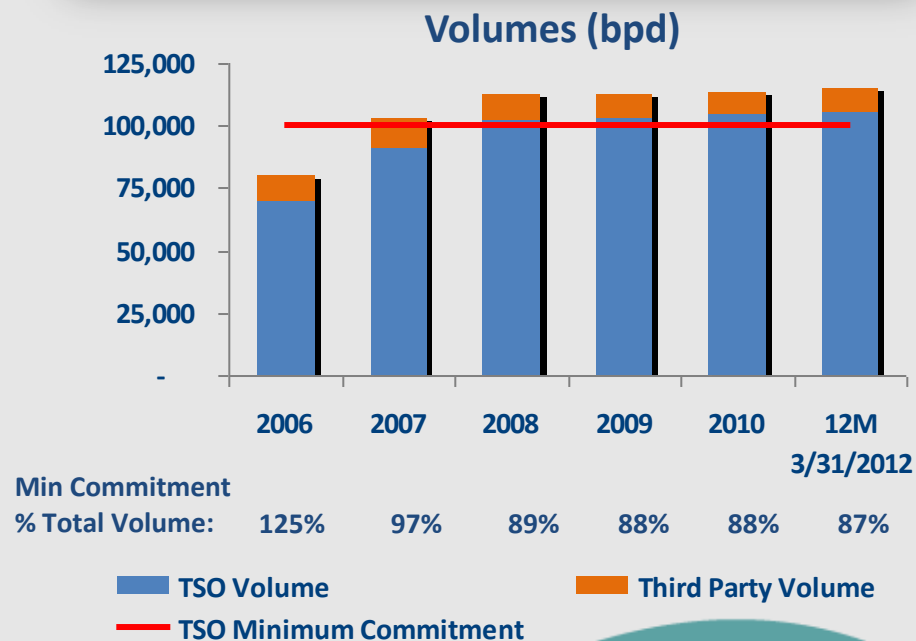
Refined Product Terminals

Eight strategically located terminals

- Los Angeles and Stockton, California
- Salt Lake City, Utah
- Anchorage, Alaska
- Mandan, North Dakota
- Vancouver, Washington
- Boise and Burley, Idaho

Fees and Services

- Forecasted weighted average terminalling fee of approximately \$0.81 per barrel
- Services also include ancillary services such as additive injection



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Salt Lake City Storage Facility and Pipelines

Storage Facility

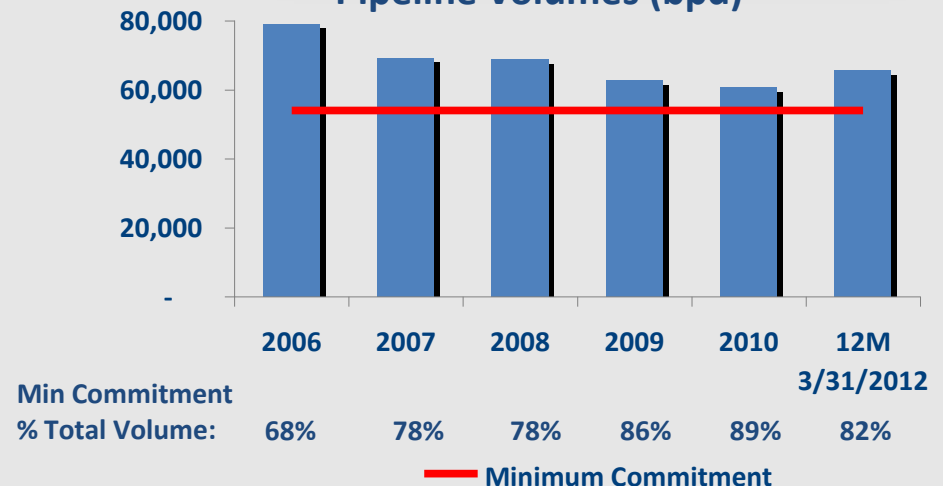
- Consists of 13 tanks with total shell capacity of 878,000 bbls
- Stores intermediates and refined products



Short-Haul Pipelines

- 3 crude oil pipelines that connect to Chevron and Plains All American crude pipelines
- 2 refined product pipelines that connect to Chevron's Northwest products pipeline

Pipeline Volumes (bpd)



Note: See our Prospectus filed with the SEC on April 21, 2011 for the assumptions related to our pro forma forecast for the twelve months ending March 31, 2012

Multiple Embedded Opportunities

Bakken Shale is the largest “continuous” oil accumulation ever assessed by the USGS⁽¹⁾

- 3 - 4 billion barrels of technically recoverable oil reserves (April 2008 USGS⁽¹⁾ Assessment)

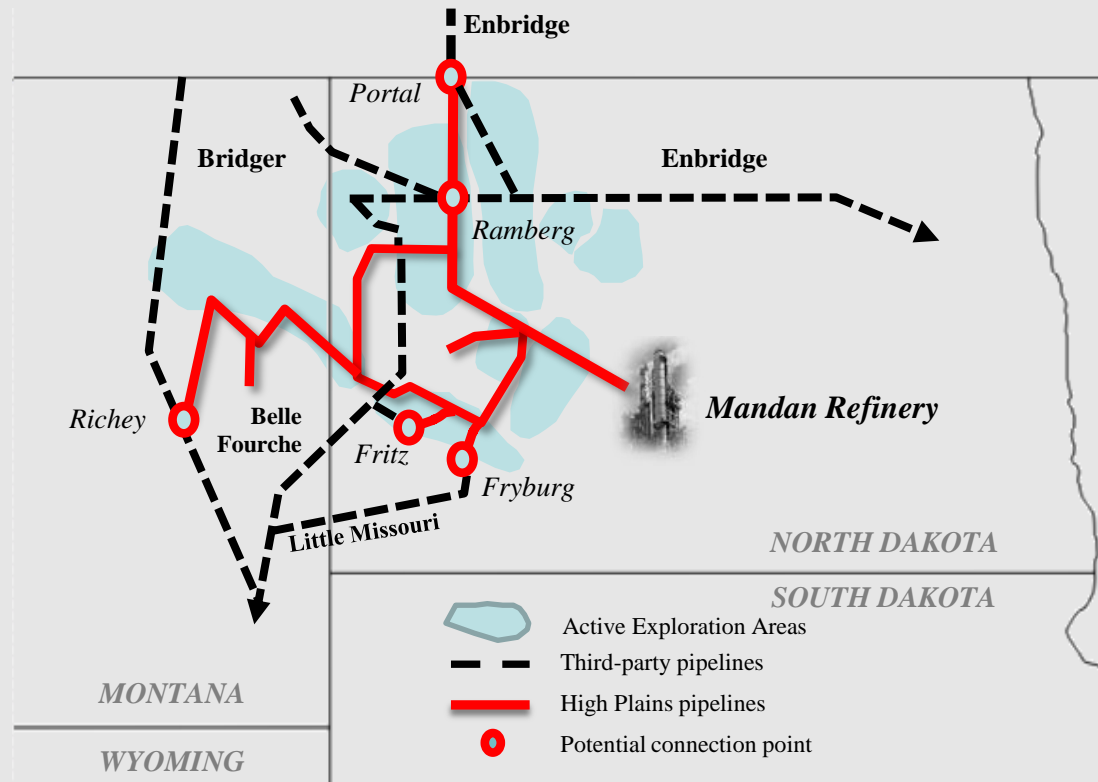
Sponsor Driven Growth

- Tesoro’s Mandan refinery expansion expected to increase volumes throughout the High Plains system by 10 mbpd
- Growth capex of \$6 - \$7 million; expect to generate \$6 million of EBITDA annually beginning 2Q12

Potential for interconnections

- 5 potential interconnection points with regional pipelines

Grow pipeline gathered barrels



(1) U. S. Geological Survey

Organic Expansion Projects

Near-Term Growth Opportunities

- Forecasted growth initiatives include:
 - Terminal rack infrastructure for ethanol blending at Salt Lake City and Burley
 - Expand Stockton capacity by 8 mbpd
 - Adding transmix receipt services at Los Angeles
- Growth capex of \$6.8 million; expected to generate \$4.5 million of EBITDA annually
 - \$1.2 million of EBITDA during forecast period

Additional Growth Opportunities

- Capacity expansions as well as new service offerings
- Optimization of existing assets
 - Pursue increased third party volumes across the terminal network
 - Increase Tesoro volumes in Los Angeles and Vancouver

Note: See our Prospectus filed with the SEC on April 21, 2011 for the assumptions related to our pro forma forecast for the twelve months ending March 31, 2012

Drop Down Growth Opportunities

ROFO Assets

Product Terminals

- Kenai, AK
- Anacortes, WA
- Martinez, CA



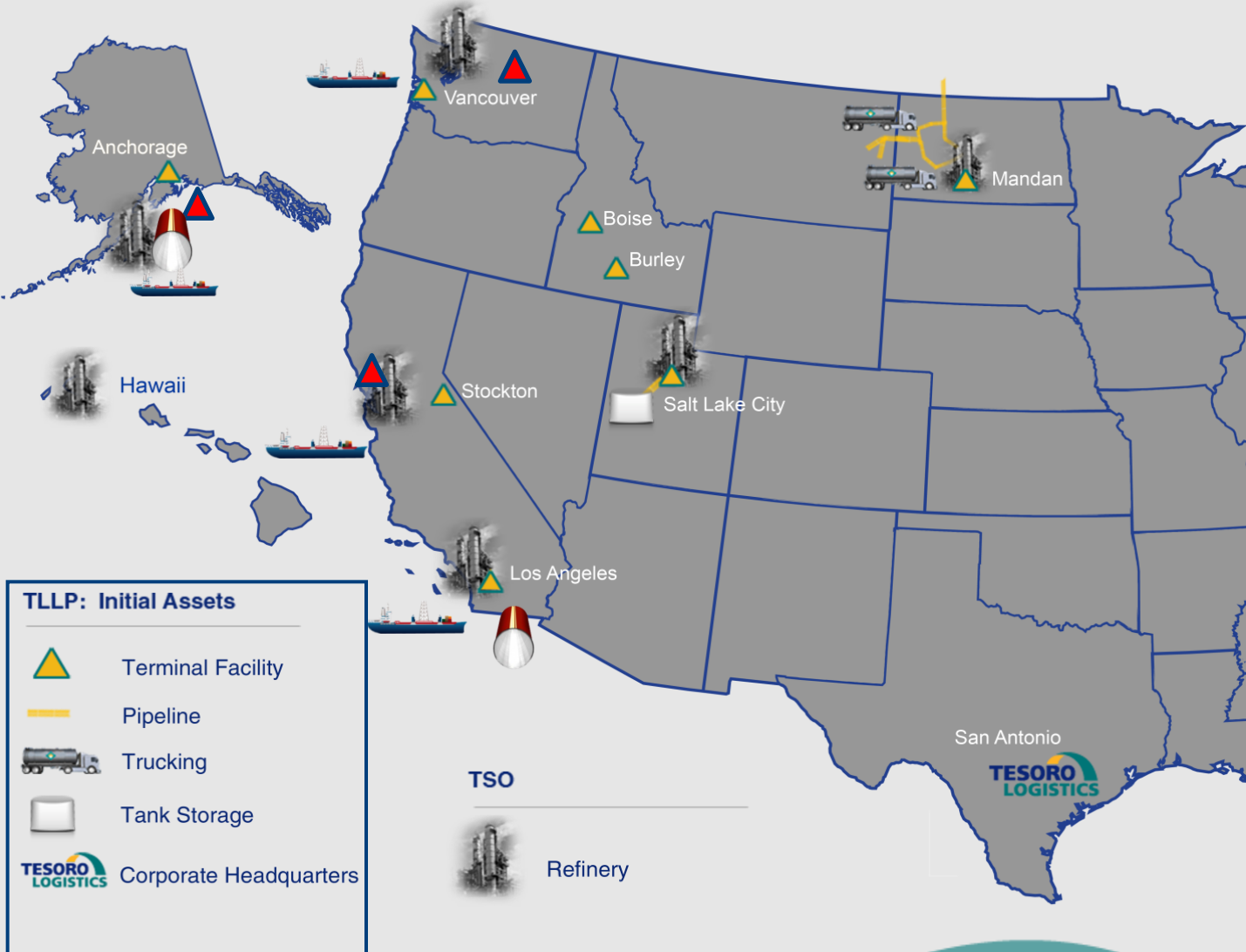
Pipelines

- Los Angeles, CA
- Kenai, AK



Marine Terminals

- Kenai, AK
- Anacortes, WA
- Martinez, CA (2)
- Long Beach, CA





Financial Overview

Flexibility to Achieve Growth Objectives

Conservative Leverage and Ample Liquidity	<ul style="list-style-type: none">• \$150 million revolver, expandable to \$300 million• Availability of \$100 million at closing• Initial conservative leverage ratio of less than 1x EBITDA
Pursue Balanced Capital Structure	<ul style="list-style-type: none">• Leverage target of 3x – 4x EBITDA• Utilize revolver for initial growth• Maximize flexibility to fund growth• Issue equity and/or permanent debt to reload revolver
Protect and grow distribution	<ul style="list-style-type: none">• Maintain prudent distribution coverage• Subordination structure provides additional support• Financial flexibility to grow distribution

Initial growth projects expected to contribute \$1.2 million of EBITDA in first year and incremental growth of \$9.7 million, or 18%, in the second year.

<i>(\$ millions, except per unit)</i>	12 Months Ending March 31, 2012
Estimated EBITDA	\$53
Less:	
Cash Interest Expense	(2)
Maintenance capital expenditures	(5)
Expansion capital expenditures	(10)
Plus:	
Borrowings to fund expansion capital expenditures	10
Estimated cash available for distribution	\$46
Coverage Ratio	1.1x
Minimum Annual Distribution	\$42

Notes:

-EBITDA is a non-GAAP financial measure. Please see Appendix for reconciliations of EBITDA.

- See our Prospectus filed with the SEC on April 21, 2011 for the assumptions related to our pro forma forecast for the twelve months ending March 31, 2012



Appendix

Commercial Agreements with Tesoro

	High Plains Pipeline Transportation Agreement	High Plains Trucking Agreement	Master Terminalling Agreement	Salt Lake City Storage Agreement	Salt Lake City Short Haul Pipeline Agreement
Term	10 Years	2 Years ⁽¹⁾	10 Years	10 Years	10 Years
Renewals	2 x 5 Years	4 x 2 Years	2 x 5 Years	2 x 5 Years	2 x 5 Years
Fixed Minimum Volume Commitment	49 mbpd	22 mbpd	100 mbpd	878,000 bbls	54 mbpd
Tariff / Fee Escalators	FERC Index	CPI	CPI	CPI	CPI

Termination Provisions

Refinery Shutdown	_____ 12 month notice ⁽²⁾ _____
Force Majeure	_____ Tesoro Logistics can declare (unilateral) _____

¹ Shorter term primarily reflects typical commercial arrangements

² Fixed minimum volumes remain in effect during routine turnarounds

Growth Project Financial Detail

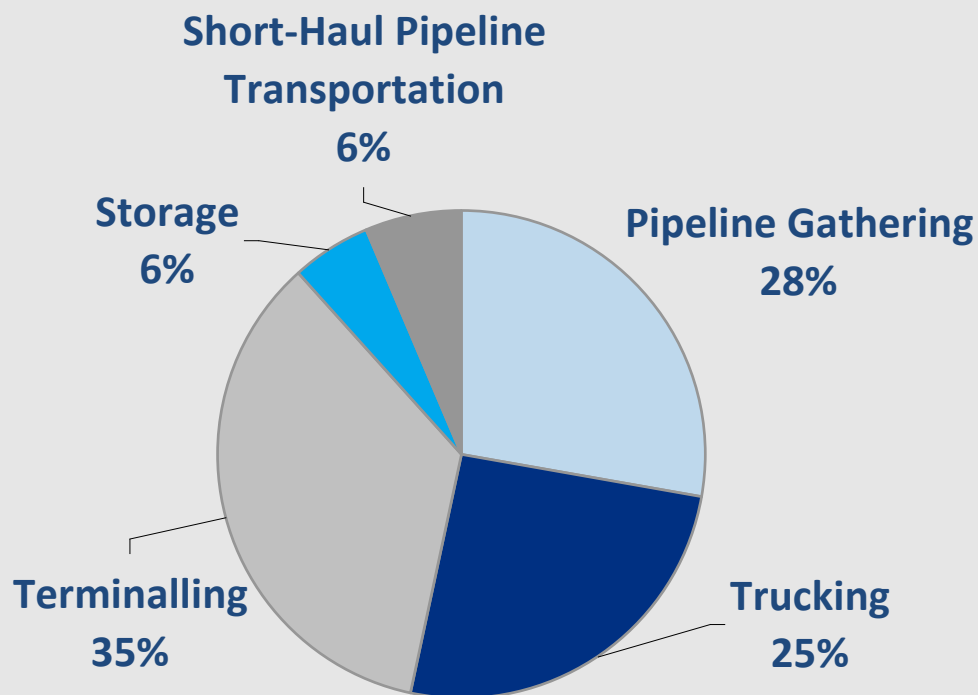


Project	Capex (\$mm)		Annual EBITDA (\$mm)		Expected Completion	Description
	Forecast Period ⁽¹⁾	Total	Forecast Period ⁽¹⁾	Run-Rate		
<u>Crude Gathering</u>						
High Plains	\$3.6	\$6.0 - \$7.0	--	\$6.0	Q2 2012	Adds pumping, tankage and truck unloading capacity to support Tesoro's Mandan Refinery expansion
<u>Terminalling</u>						
Salt Lake City and Burley	\$2.4	\$2.4			Q2 2011 – SLC Q1 2012 - Burley	Provides terminal rack infrastructure for ethanol blending
Stockton	\$2.4	\$4.5			Q1 2012	Expand to capacity to capture Tesoro's full market demand (8,000bpd)
Los Angeles	\$2.0	\$2.0			Q1 2012	Provide transmix receipt services service for Tesoro's Los Angeles Refinery
Subtotal Terminalling	\$6.8	\$8.9	\$1.2	\$4.5		
Total	\$10.4	\$15.0 - \$16.0	\$1.2	\$10.5		

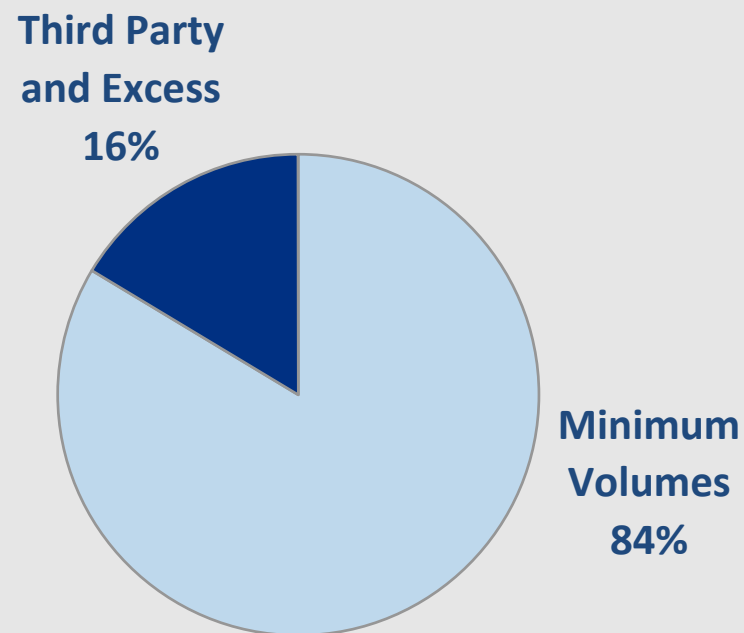
(1) See our Prospectus filed with the SEC on April 21, 2011 for the assumptions related to our pro forma forecast for the twelve months ending March 31, 2012

Forecasted Pro Forma Revenue Composition

Revenue Source



Fixed Minimum Volume Commitment Contribution



84% of Total Pro Forma Revenues Derived from Fixed Minimum Volume Commitments

Note: See our Prospectus filed with the SEC on April 21, 2011 for the assumptions related to our pro forma forecast for the twelve months ending March 31, 2012

Pro Forma EBITDA Model



	Tesoro Logistics LP Pro Forma	
	Year Ended December 31, 2010	Forecasted Twelve Months Ending 3/31/2012
<i>(\$ in millions except for per barrel data)</i>		
<u>Pipeline Gathering:</u>		
Crude oil pipeline throughput (bpd)	50,695	58,000
Average pipeline revenue per barrel	\$1.35	\$1.28
Subtotal Revenue	\$25.0	\$27.2
<u>Trucking:</u>		
Trucking volume (bpd)	23,305	22,900
Average trucking revenue per barrel	\$2.91	\$2.94
Subtotal Revenue	\$24.6	\$24.6
<u>Terminalling:</u>		
Terminal throughput (bpd)	113,950	115,200
Average terminal revenue per barrel	\$0.79	\$0.81
Subtotal Revenue	\$32.8	\$34.0
<u>Short-Haul Pipeline:</u>		
Short-haul pipeline throughput (bpd)	60,666	65,800
Average short-haul pipeline revenue per barrel	\$0.25	\$0.25
Subtotal Revenue	\$5.5	\$6.1
<u>Storage:</u>		
Storage capacity reserved (shell capacity barrels)	878,000	878,000
Storage per shell capacity barrel (per month)	\$0.50	\$0.51
Subtotal Revenue	\$5.3	\$5.4
Total Revenue	\$93.2	\$97.3
Operating and maintenance expense	(36.8)	(37.7)
General and administrative expense	(3.5)	(6.7)
EBITDA	\$52.9	\$52.9

Note: See our Prospectus filed with the SEC on April 21, 2011 for the assumptions related to our pro forma forecast for the twelve months ending March 31, 2012

Note: EBITDA is a non-GAAP financial measure. Please see Appendix for reconciliations of EBITDA.

Non-GAAP Financial Measure



Management defines EBITDA as net income (loss) before net interest expense, income tax expense, depreciation and amortization expense. EBITDA is used as a supplemental financial measure by management and by external users of its financial statements, such as investors and commercial banks, to assess:

- operating performance as compared to those of other companies in the logistics business, without regard to financing methods, historical cost basis or capital structure;
- the ability of our assets to generate sufficient cash flow to make distributions to our partners;
- the ability to incur and service debt and fund capital expenditures; and
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities.

The following table presents a reconciliation of EBITDA, to net income (loss), the most directly comparable GAAP financial measure, on a historical basis and pro forma basis, as applicable, for each of the periods indicated

(Unaudited; \$ in thousands)	Tesoro Logistics LP Predecessor Historical					Tesoro Logistics LP	
	2006	2007	2008	2009	2010	Pro Forma Year Ended December 31, 2010	Forecasted 12M Ending March 31, 2012
Reconciliation of EBITDA to net income (loss):							
Net Income(Loss)	(\$12,858)	(\$12,103)	(\$14,404)	(\$21,868)	(\$20,876)	\$42,472	\$41,308
Add:							
Depreciation expense	\$6,011	\$6,342	\$6,625	\$8,820	\$8,006	\$8,006	\$9,166
Interest expense, net	--	--	--	--	--	\$2,410	\$2,410
EBITDA	(\$6,847)	(\$5,761)	(\$7,779)	(\$13,048)	(\$12,870)	\$52,888	\$52,884

Note: See our Prospectus filed with the SEC on April 21, 2011 for the assumptions related to our pro forma forecast for the twelve months ending March 31, 2012