

Tesoro Corporation Board of Directors Approves Two Projects at the Anacortes Refinery

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SAN ANTONIO - February 17, 2015 - Tesoro Corporation (NYSE:TSO) today announced that its Board of Directors has approved two complementary projects to enhance clean products production at its Anacortes, Washington refinery. These projects include a \$90 million naphtha isomerization project, which is designed to comply with upcoming reduced-sulfur gasoline regulations while simultaneously reducing gasoline production costs, and the previously announced \$300 million mixed xylenes project, which upgrades and diversifies the value of the facility's product slate.

"Tesoro is pleased to announce this strategic commitment to our Anacortes facility and to the local community. These high-return capital projects are expected to produce cleaner fuels at a lower cost, while diversifying Tesoro's product mix and enhancing our gross margin," said Greg Goff, Tesoro's Chairman, President and CEO. The isomerization project is expected to generate competitive returns of approximately 25% and the mixed xylenes project is expected to generate competitive returns of approximately 20%, both based on Tesoro's market outlook. Startup of the mixed xylene project is expected in 2017 and startup of the isomerization project is expected in 2018, both dates subject to permitting.

These projects are expected to improve our capability to efficiently deliver both local transportation fuels and global feedstocks, making Tesoro a stronger member of the communities the Company serves, and further demonstrating Tesoro's commitment to the state of Washington. The Company expects multiple benefits to the state including increased tax revenue, positive local economic impact, and high-paying temporary and permanent jobs which, at peak construction workforce, is estimated at 500 workers, with an ongoing permanent staff increase of approximately 20. According to the Washington Research Council, each permanent petroleum job adds \$880,000 per year of state personal income through additional employment and commerce.

On a global scale, the logistics-enabled Asian trade possibilities associated with the mixed xylenes project are quite significant, based on increased naphtha sales to Asia, reduced freight costs on shipments of valuable products from Asia to the US, and expansion of Tesoro trading activities in Asia. This aspect of the project should increase the competitiveness of the Anacortes refinery and support additional ongoing growth in Tesoro's Washington-based business.

Tesoro Corporation, a Fortune 100 company, is an independent refiner and marketer of petroleum products. Tesoro, through its subsidiaries, operates six refineries in the western United States with a combined capacity of over 850,000 barrels per day and ownership in a logistics business which includes a 36% interest in Tesoro Logistics LP (NYSE: TLLP) and ownership of its general partner. Tesoro's retail-marketing system includes over 2,200 retail stations under the ARCO®, Shell®, Exxon®, Mobil®, USA Gasoline(TM) and Tesoro® brands.

This release contains certain statements that are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 concerning our expectations regarding the estimated cost and timing of the projects; and anticipated benefits of the project for Tesoro and the surrounding communities, including enhancement of clean products production, reduction in fuels production costs, diversification of product slate, expected returns on investment, efficient delivery of fuels and blendstocks, addition of temporary and permanent jobs, increased naphtha sales to Asia, reduced freight costs, expansion of Tesoro's Asian trading activities, and increased competitiveness and growth of Tesoro's Anacortes refinery and related business. For more information concerning factors that could affect these statements see our annual report on Form 10-K and quarterly reports on Form 10-Q, filed with the Securities and Exchange Commission. We undertake no obligation to publicly release the result of any revisions to any such forward-looking statements that may be made to reflect events or circumstances that occur, or which we become aware of, after the date hereof.

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