

Tesoro Logistics LP (TLLP)

Rating	OUTPERFORM* [V]
Price (09 Aug 11, US\$)	22.99
Target price (US\$)	(from 28) 29 ¹
52-week price range	25.30 - 21.34
Market cap. (US\$ m)	694.41
Enterprise value (US\$ m)	769.44

*Stock ratings are relative to the relevant country benchmark.

¹Target price is for 12 months.

[V] = Stock considered volatile (see Disclosure Appendix).

Research Analysts

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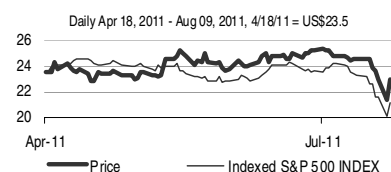
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INCREASE TARGET PRICE

Off to a Good Start; Raising Estimates

- **2Q Results Ahead of Expectations:** TLLP reported 2Q11 EBITDA of \$9.6mm and DCF of \$8.9mm. Accounting for the fact that TLLP was only public for 66 days, these numbers equate to a quarterly run rate of \$13.2mm and \$12.3mm, respectively, which modestly exceeded our estimates of \$12.5mm and \$11.0mm, respectively. Management has guided adjusted EBITDA of \$28-30mm for 2H2011. TLLP declared their first regular cash distribution of \$0.2448/unit. This prorated amount corresponds to the MQD of \$0.3375/unit which was in line with our estimates.
- **What's New:** TLLP highlighted two new projects which are expected to contribute \$1mm each of additional annual EBITDA. 1) Expansion of LA terminal by 5mbpd by the end of 2011 and 2) Interconnect with Rangeland LLCs pipeline at a cost of \$3mm. Combined with its existing projects, aggregate growth projects are expected to contribute \$10mm of incremental EBITDA in FY2012. These projects appear to be highly accretive given an estimated 2.5x EBITDA multiple on a total capital outlay of \$25mm.
- **Dropdown in the near future.** Management expects a dropdown of one of the earmarked assets (Exhibit 1) in the near future. We estimate \$50mm of dropdowns annually, at a multiple of 8.0x beginning in FY2012.
- **Raising estimates, Reiterate Outperform, TP to \$29 (from \$28):** We are raising our estimates given the growth projects announced. We reiterate our Outperform rating. Our TP moves to \$29 (from \$28) as our distribution growth CAGR over the next five years improves to 8.8% (from 8.0%). Our DDM assumes a discount rate of 9.0%, distribution CAGR of 8.8% over the first five years and 5.0% over the following five years and a terminal growth rate of 1.5%.

Share price performance



On 08/09/11 the S&P 500 INDEX closed at 1172.53

Quarterly EPS	Q1	Q2	Q3	Q4
2010A	—	—	—	—
2011E	-0.19	0.25	0.36	0.39
2012E	0.37	0.40	0.46	0.45

Financial and valuation metrics

Year	12/10A	12/11E	12/12E	12/13E
EPS (CS adj.) (US\$)	1.36	0.82	1.68	1.87
Prev. EPS (US\$)	—	1.26	1.31	1.45
P/E (x)	16.9	28.1	13.7	12.3
P/E rel. (%)	—	178.6	100.9	103.9
Revenue (US\$ m)	93.2	83.5	124.4	142.4
EBITDA (US\$ m)	52.9	40.0	70.5	82.1
OCFPS (US\$)	1.39	0.85	2.11	2.44
P/OCF (x)	—	27.1	10.9	9.4
EV/EBITDA (current)	14.5	19.2	10.9	9.3
Net debt (US\$ m)	47	61	115	151
ROIC (%)	—	22.86	32.94	29.82
Number of shares (m)	30.20	IC (current, US\$ m)		138.04
BV/share (Next Qtr., US\$)	2.6	EV/IC (x)		5.5
Net debt (Next Qtr., US\$ m)	60.0	Dividend (Next Qtr., US\$)		0.35
Net debt/tot. cap. (Next Qtr.,	66.9	Dividend yield (%)		1.5

Source: Company data, Credit Suisse estimates.

DISCLOSURE APPENDIX CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, INFORMATION ON TRADE ALERTS, ANALYST MODEL PORTFOLIOS AND THE STATUS OF NON-U.S. ANALYSTS. U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Investment Thesis

TLLP is a fee-based, growth oriented MLP formed by Tesoro Corp to own, operate and acquire crude oil and refined products logistics assets. In other words, TLLP was formed to be Tesoro Corp's vehicle to grow its logistics infrastructure business. Initially, substantially all of TLLP's revenue will be derived from Tesoro, primarily under various long-term, fee-based commercial agreements that include minimum volume commitments. Near term, there is visible growth from already identified projects and future drop-downs or asset sales from Tesoro Corp. Longer term, we expect that TLLP's third party business will grow both organically and via acquisitions.

Company Description

Tesoro Logistics (TLLP) is a fee-based, growth oriented MLP formed by Tesoro Corp (TSO) to own, operate and acquire crude oil and refined products logistics assets. TLLP's assets consist of a crude oil gathering system in the Bakken Shale/Williston Basin area, eight refined products terminals in the western United States, and a crude oil and refined products storage facility and five related short-haul pipelines in Utah.

Tesoro Corp is the second largest refiner in the US with core area of operations in the midwestern and western United States. It owns and operates seven refineries that serve markets in Alaska, Arizona, California, Hawaii, Idaho, Minnesota, Nevada, North Dakota, Oregon, Utah, Washington and Wyoming. Tesoro Corp trades under the symbol TSO and has a market cap that approximates \$3.7 billion. TSO retains a significant ownership in the MLP as it will own about 51% of the limited partner interest and the 2.0% general partner interest and associated incentive distribution rights.

Additional Color

- **Ethanol project completed:** In 2Q11 TLLP completed the Salt Lake City Terminal Ethanol project which is projected to provide \$1mm of annual EBITDA.
- **High Plains Pipeline System expansion:** TLLP will be spending \$5mm to build a gathering hub and initial gathering pipeline at Connelly, North Dakota that would receive crude oil by pipeline which is currently received by truck. Tesoro will reimburse the initial project cost and there will be no expected near term earnings impact to TLLP. However, it does position the partnership for future growth.
- **Existing Projects Update:** The partnership expects to spend around \$18mm or \$17mm net of reimbursement from Tesoro on the projects announced earlier that are projected to be completed in 2012. These projects are expected to provide \$8mm additional EBITDA annually.
- **Segment Growth Projects:**
 - Crude Oil Gathering – TLLP expects to spend around \$13mm on expansion projects which will provide around \$6mm of additional EBITDA annually. These projects are expected to be completed in the second quarter of 2012.
 - Terminalling, Transportation and Storage – TLLP expects to spend around \$12mm on expansion projects which will provide around \$4mm of additional EBITDA annually. These projects are expected to be completed in the first quarter of 2012.

- **Potential Dropdowns from Tesoro Provide Visible Growth Opportunities.** Tesoro still has logistics assets with total aggregate book value of \$240 million that may be sold to TLLP. This compares to approximately \$193 million for the initial assets contributed to TLLP. Furthermore, Tesoro announced a project to deliver 30,000 bpd of Bakken crude oil to its Anacortes refinery via rail on 7/15/2011. Tesoro will build an unloading facility to accommodate the unit train. Once completed, Tesoro plans to offer the facility to TLLP.

Exhibit 1: TLLP Right Of First Offer Terminals

Asset	Location	Terminalling Capacity (MBbls/d)	2010 Throughput	Capacity Utilization	Description
Golden Eagle Refined Products Terminal	Martinez, California	38	14	37.1%	Truck loading rack with three loading bays
Golden Eagle Marine Terminal	Martinez, California	145	50	34.3%	Single-berth dock, five crude oil storage tanks with combines capacity of 425,000 barrels
Golden Eagle Wharf Facility	Martinez, California	50	30	59.8%	Single-berth dock and related pipelines
Tesoro Alaska Pipeline	Nikiski, Alaska	48	36	75.0%	Approx. 69 miles of 10-inch pipeline
Nikiski Refined Products Terminal	Nikiski, Alaska	-	82	-	A truck loading rack with two loading bays
Los Angeles Crude Oil & Refined Products Pipeline System	Los Angeles, California	-	42	-	Nine separate DOT-regulated pipelines totaling approx. 17 miles
Anacortes Refined Products Terminal	Anacortes, Washington	-	2	-	Truck loading facility with two loading bays
Anacortes Marine Terminal and Storage Facility	Anacortes, Washington	-	31	-	Crude oil & refined products wharf and four storage tanks
Long Beach Marine Terminal	Long Beach, California	-	99	-	A dock with two vessels

Source: Partnership data, Credit Suisse estimates

- **Raising Estimates.** We are forecasting adjusted EBITDA of \$28.8mm (from \$26.2mm) and \$70.5mm (from \$58.8mm) in 2H11 and FY2012, respectively. DCF is forecast at \$25.8mm (from \$23.2mm) and \$61mm (from \$50.4mm) in 2H11 and FY2012, respectively. The revisions reflect a higher run-rate exiting 2Q11 and positive impact from growth capital expenditures.
- **DCF coverage ratio expected to be high.** We expect TLLP's coverage ratio to remain high at around 1.3x in FY2012. A higher coverage ratio gives TLLP the ability to fund its dropdowns to a certain extent without accessing the capital markets and gives it flexibility to grow its distributions in the future.
- **Liquidity:** At the end of 2Q TLLP had approximately \$110mm of liquidity, consisting of \$10mm of cash and \$100mm available under its credit facility.

Exhibit 2: TLLP Quarterly Operating Variance Table

	2Q11* Actual	2Q11 CS Estimate	Diff.	Diff. (%)
Operating Metrics				
Crude Oil Gathering:				
Pipeline (Mbpd)	55.7	55.0	0.7	1%
Average pipeline revenue per barrel (\$/Bbl)	\$1.24	\$1.26	(\$0.02)	-2%
Trucking (Mbpd)	23.2	22.9	0.3	1%
Average trucking revenue per barrel (\$/Bbl)	\$2.86	\$2.88	(\$0.02)	-1%
Terminalling, Transportation and Storage:				
Terminal throughput (Mbpd)	134.6	116.0	18.6	16%
Average terminal revenue per barrel	\$0.76	\$0.79	(\$0.03)	-4%
Total Short-haul pipeline throughput	71.4	60.3	11.1	18%
Average short-haul pipeline revenue per barrel	\$0.25	\$0.25	(\$0.00)	-1%
Storage capacity reserved (shell capacity M barrels)	878.0	878.0	0.0	0%
Storage per shell capacity barrel (per month)	\$0.50	\$0.51	(\$0.01)	-2%

Source: Partnership data, Credit Suisse estimates, * Results exclude TLLP's Predecessors performance before April 26, 2011

Exhibit 3: TLLP Changes to Model

	Old Estimates							New Estimates						
	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E
Crude oil gathering	6.8	7.0	15.4	28.8	30.5	31.1	31.8	6.6	7.0	14.0	29.9	32.7	33.4	34.2
Terminalling, transportation and storage	7.6	7.7	30.2	31.5	32.8	34.3	35.7	8.8	9.3	31.5	42.0	44.7	46.6	48.7
Acquisitions	0.0	0.0	0.0	4.7	10.9	17.2	23.4	0.0	0.0	0.0	4.7	10.9	17.2	23.4
Recurring EBITDA	13.0	13.2	40.0	58.8	68.1	76.1	84.5	14.0	14.8	40.0	70.5	82.1	90.8	99.8
Operating and maintenance	9.2	9.2	36.3	39.2	41.6	43.9	46.3	9.8	10.0	36.6	44.9	48.6	51.2	54.1
Depreciation and amortization	2.3	2.3	8.9	14.4	16.4	18.4	20.4	2.3	2.3	8.6	14.4	16.4	18.4	20.4
General and administrative	1.8	1.8	6.6	9.0	11.6	14.3	16.9	1.8	1.8	6.9	9.0	11.6	14.3	16.9
EBIT (operating income recurring)	10.7	10.9	31.0	44.4	51.6	57.7	64.1	11.7	12.5	31.4	56.1	65.7	72.4	79.4
Interest expense (income), net	(0.4)	(0.4)	(1.3)	(3.5)	(6.1)	(8.3)	(10.6)	(0.4)	(0.4)	(1.3)	(3.8)	(6.6)	(8.3)	(10.1)
Net income (recurring)	10.3	10.5	29.8	40.9	45.5	49.4	53.5	11.3	12.1	30.1	52.3	59.1	64.1	69.3
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0
Reported Net Income	10.3	10.5	29.8	40.9	45.5	49.4	53.5	11.3	12.1	30.9	52.3	59.1	64.1	69.3
EPU	0.3	0.3	0.8	1.3	1.5	1.5	1.6	0.4	0.4	0.8	1.7	1.9	2.0	2.1
EBITDA - Recurring	13.0	13.2	40.0	58.8	68.1	76.1	84.5	14.0	14.8	40.0	70.5	82.1	90.8	99.8
Average Units Outstanding	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5
Distributable Cash Flow (DCF)														
Net income	10.3	10.5	24.6	40.9	45.5	49.4	53.5	11.3	12.1	24.7	52.3	59.1	64.1	69.3
(+) Interest expense, net	0.4	0.4	1.3	3.5	6.1	8.3	10.6	0.4	0.4	1.3	3.8	6.6	8.3	10.1
(+) Depreciation and amortization	2.3	2.3	8.9	14.4	16.4	18.4	20.4	2.3	2.3	8.6	14.4	16.4	18.4	20.4
EBITDA	13.0	13.2	34.8	58.8	68.1	76.1	84.5	14.0	14.8	34.6	70.5	82.1	90.8	99.8
(-) Cash interest paid	0.4	0.4	1.3	3.5	6.1	8.3	10.6	0.4	0.4	0.8	3.8	6.6	8.3	10.1
(-) Maintenance capital expenditure	1.1	1.1	3.3	4.9	5.7	6.4	7.1	1.1	1.1	2.6	5.9	6.9	7.6	8.4
(-) Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Available Cash	11.5	11.7	30.3	50.4	56.2	61.4	66.8	12.5	13.3	30.8	60.8	68.6	74.9	81.3
Cash paid to the general partner	0.2	0.2	0.6	0.9	1.3	2.5	4.0	0.2	0.2	0.6	1.0	1.8	3.3	4.9
GP portion of surplus cash flow	0.0	0.0	0.0	0.1	0.7	1.2	1.1	0.0	0.0	0.0	0.7	3.1	3.8	4.8
Distributable cash flow to LP	11.3	11.4	29.6	49.4	54.3	57.7	61.7	12.2	13.1	30.1	59.1	63.8	67.8	71.6
DCF per LP unit	\$0.37	\$0.37	\$0.97	\$1.62	\$1.78	\$1.89	\$2.02	\$0.40	\$0.43	\$0.99	\$1.94	\$2.09	\$2.22	\$2.35
Cash Distribution Declared Per Unit	\$0.34	\$0.35	\$1.03	\$1.46	\$1.61	\$1.77	\$1.92	\$0.35	\$0.36	\$1.04	\$1.53	\$1.69	\$1.85	\$2.00
Total declared cash distributions	10.7	10.8	32.0	45.3	50.4	56.5	62.4	10.8	11.1	32.5	47.7	53.4	59.8	65.8
Cash flow surplus / (deficit) (Total DCF - Total declared dists)	0.8	0.8	2.2	5.1	5.8	4.9	4.4	1.6	2.2	2.2	13.1	15.3	15.1	15.6
Distribution Coverage (Total DCF/Total Distribution Declared)	1.08x	1.08x	1.07x	1.11x	1.12x	1.09x	1.07x	1.15x	1.20x	1.07x	1.28x	1.29x	1.25x	1.24x

Source: Partnership data, Credit Suisse estimates

Exhibit 4: TLLP Abbreviated Financial Statements**Tesoro Logistics, L.P. (NYSE: TLLP)****Credit Suisse - Master Limited Partnerships and Natural Gas****Abbreviated Financial Statements**

Yves Siegel, CFA (212) 325-8462

Year ending December 31

(\$ millions, except per unit data)

(\$ millions, except per unit data)	TLLP Predecessor			Pro Forma		Pro Forma								
	2008	2009	2010	2010	1Q11	2Q11	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	
EPU	\$0.00	\$0.00	\$0.00	\$1.36	(\$0.19)	\$0.25	\$0.36	\$0.39	\$0.82	\$1.68	\$1.89	\$2.02	\$2.15	
Average Units Outstanding	-	-	-	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	
Distributable Cash Flow (DCF)														
Net income				42	(6)	7	11	12	25	52	59	64	70	
(+) Interest expense, net				2	0	0	0	0	1	4	7	8	10	
(+) Depredation and amortization				8	2	2	2	2	9	14	16	18	20	
EBITDA				53	(4)	10	14	15	35	70	82	91	100	
(-) Cash interest paid				2	0	0	0	0	1	4	7	8	10	
(-) Maintenance capital expenditure				2	0	0	1	1	3	6	7	8	8	
(-) Other				3	0	0	0	0	0	0	0	0	0	
Distributable Cash Flow				46	(4)	9	12	13	31	61	69	75	82	
DCF per LP unit				\$1.51	(\$0.13)	\$0.29	\$0.40	\$0.43	\$0.99	\$1.95	\$2.14	\$2.23	\$2.39	
Cash Distribution Declared Per Unit						\$0.34	\$0.34	\$0.35	\$1.03	\$1.46	\$1.61	\$1.77	\$1.92	
% y/yr growth									NA	41.6%	10.7%	9.9%	8.2%	
Total declared cash distributions						11	11	11	32	45	50	57	62	
Cash flow surplus / (deficit) (Total DCF - Total declared dists)						(2)	2	3	3	16	18	19	19	
Distribution Coverage (Total DCF/Total Distribution Declared)						0.85x	1.17x	1.23x	1.08x	1.34x	1.36x	1.33x	1.31x	
% of Total Cash Distribution														
General Partner						2%	2%	2%	2%	2%	3%	4%	6%	
Limited Partners						98%	98%	98%	98%	98%	97%	96%	94%	
Capital Expenditures & Acquisitions														
Growth Capex	10	6	0	0	3	1	3	3	8	15	0	0	0	
Maintenance Capex	8	3	2	2	0	0	1	1	3	6	7	8	8	
Acquisitions	0	0	0	0	0	0	0	0	0	50	50	50	50	
Total Capital Expenditures & Acquisitions	19	9	2	2	3	1	4	4	11	21	7	8	8	
Financing and Credit Metrics														
Equity Issuances (\$ Millions)				0	0	0	0	0	0	0	0	0	0	
Net Debt Issuances (\$ Millions) - includes credit facility				0	0	(8)	1	(0)	(8)	65	30	30	35	
Total Debt (\$ Millions)				50	0	42	43	42	42	107	138	168	202	
Net Debt-to-TTM EBITDA				0.9x	0.0x	1.8x	1.8x	1.7x	1.5x	1.6x	1.8x	2.0x	2.1x	
Interest Expense, Net (\$ Millions)				(2)	0	(0)	(0)	(0)	(1)	(4)	(7)	(8)	(10)	
EBITDA-to-Interest Expense				NA	#DIV/0!	NA	NA	NA	NA	NA	NA	NA	NA	
Maintenance Capex As % of EBITDA				3%	-3%	4%	8%	7%	7%	8%	8%	8%	8%	
Debt-to-Market Cap														
Abbreviated Balance Sheet														
Cash and Equivalents	0	0	0	3	0	(15)	(17)	(18)	(18)	(5)	(7)	(10)	(7)	
Current Assets	0	3	4	3	4	(3)	(1)	(1)	(1)	16	16	15	20	
Property Plant and Equipment, Net	139	138	132	132	135	134	135	136	136	193	233	273	311	
Other Assets	3	0	0	2	(0)	(0)	0	(0)	(0)	0	0	(0)	0	
Total Assets	142	141	136	137	139	131	134	135	135	209	249	288	331	
Current Liabilities	0	5	5	0	5	9	11	11	11	13	14	15	16	
Credit facility	0	0	0	50	50	42	43	42	42	107	138	168	202	
Long term debt, less current portion & Credit Facility	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Liabilities	9	1	2	50	1	43	44	44	44	109	139	169	204	
Total Liabilities	9	5	7	50	6	52	55	55	55	122	153	184	220	
Partners Capital	133	136	129	87	132	79	79	81	81	88	96	104	111	
Total Liabilities & Partners Capital	142	141	136	137	139	131	134	135	135	209	249	288	331	

Source: Partnership data, Credit Suisse estimates

Companies Mentioned (Price as of 09 Aug 11)

Tesoro Corp. (TSO, \$19.46, OUTPERFORM [V], TP \$36.00)

Tesoro Logistics LP (TLLP, \$22.99, OUTPERFORM [V], TP \$29.00)

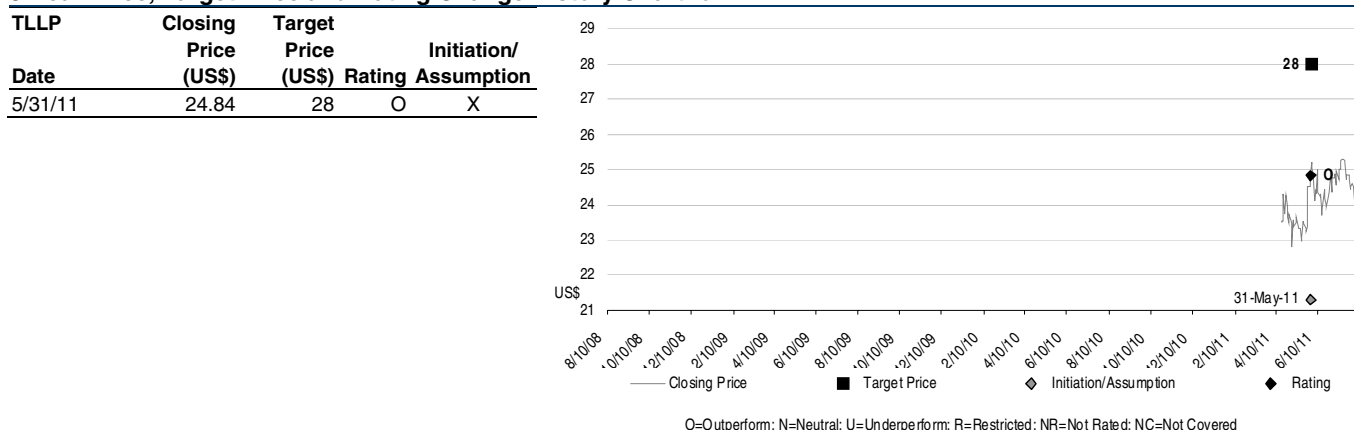
Disclosure Appendix

Important Global Disclosures

I, Yves Siegel, CFA, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

See the Companies Mentioned section for full company names.

3-Year Price, Target Price and Rating Change History Chart for TLLP



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Outperform (O): The stock's total return is expected to outperform the relevant benchmark* by at least 10-15% (or more, depending on perceived risk) over the next 12 months.

Neutral (N): The stock's total return is expected to be in line with the relevant benchmark* (range of $\pm 10-15\%$) over the next 12 months.

Underperform (U): The stock's total return is expected to underperform the relevant benchmark* by 10-15% or more over the next 12 months.

*Relevant benchmark by region: As of 29th May 2009, Australia, New Zealand, U.S. and Canadian ratings are based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe**, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. Some U.S. and Canadian ratings may fall outside the absolute total return ranges defined above, depending on market conditions and industry factors. For Latin American, Japanese, and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; for European stocks, ratings are based on a stock's total return relative to the analyst's coverage universe**. For Australian and New Zealand stocks, 12-month rolling yield is incorporated in the absolute total return calculation and a 15% and a 7.5% threshold replace the 10-15% level in the Outperform and Underperform stock rating definitions, respectively. The 15% and 7.5% thresholds replace the +10-15% and -10-15% levels in the Neutral stock rating definition, respectively.

**An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.

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Volatility Indicator [V]: A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' coverage universe weightings are distinct from analysts' stock ratings and are based on the expected performance of an analyst's coverage universe* versus the relevant broad market benchmark**:

Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

*An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.

***The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.*

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Global Ratings Distribution		
Outperform/Buy*	48%	(62% banking clients)
Neutral/Hold*	40%	(57% banking clients)
Underperform/Sell*	10%	(50% banking clients)
Restricted	2%	

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Price Target: (12 months) for (TLLP)

Method: We derived our \$29 price target through a three-stage distribution discount model (DDM). Our assumptions include a discount rate of 9.0%, distribution compounded annual growth rate of 8.0% over the next five years and 5.0% over the following five years and a terminal growth rate of 1.5%.

Risks: Risks to our \$29 price target for TLLP are potential refinery closings which would negatively impact volumes, dependence upon TSO for the majority of revenue, difficulty predicting timing of drop-down acquisitions which could result in lower than expected growth, potential for interest rate increases, which would negatively impact interest expense at the partnership's revolving credit facility, and demand destruction and/or declining volumes in the areas in which TLLP operates.

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