

\$500,000,000

**TERM LOAN CREDIT AGREEMENT**

Dated as of January 28, 2013

among

TESORO CORPORATION,  
as the Borrower,

The Several Lenders  
from Time to Time Parties Hereto,

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION  
as Administrative Agent and Collateral Agent,

and

J.P. MORGAN SECURITIES LLC.,  
as Sole Lead Arranger and Sole Bookrunner

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
SECTION 1. DEFINITIONS	1
1.1. Defined Terms	1
1.2. Other Interpretive Provisions	48
1.3. Accounting Terms	49
1.4. Rounding	49
1.5. References to Agreements, Laws, Etc.	49
SECTION 2. AMOUNT AND TERMS OF CREDIT	49
2.1. Commitments	49
2.2. Maximum Number of Borrowings	50
2.3. Notice of Borrowing	50
2.4. Disbursement of Funds	50

2.5.	Repayment of Loans; Evidence of Debt	51
2.6.	Conversions and Continuations	52
2.7.	Pro Rata Borrowings	53
2.8.	Interest	53
2.9.	Interest Periods	54
2.10.	Increased Costs, Illegality, Etc.	54
2.11.	Compensation	56
2.12.	Change of Lending Office	57
2.13.	Notice of Certain Costs	57
2.14.	Extensions of Loans	57
SECTION 3. FEES; COMMITMENTS		60
3.1.	Administrative Agent's Fees	60
3.2.	Commitment Fee	60
3.3.	Mandatory Termination of Commitments	60
SECTION 4. PAYMENTS		60
4.1.	Voluntary Prepayments	60
4.2.	Mandatory Prepayments	64
4.3.	Method and Place of Payment	64
4.4.	Net Payments	65
4.5.	Computations of Interest	69
4.6.	Limit on Rate of Interest	69
SECTION 5. CONDITIONS PRECEDENT		69
5A.	Conditions Precedent to Effectiveness of this Agreement	69

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5A.1.	Loan Documents	69
5A.2.	Collateral	70
5A.3.	Legal Opinions	70
5A.4.	Certificates	70
5A.5.	Organizational Documents	71
5A.6.	Fees	71
5A.7.	Representations and Warranties	71

5A.8.	Patriot Act	71
5B.	Conditions Precedent to Borrowing	71
5B.1	Loan Documents	71
5B.2	Representations and Warranties	71
5B.3	Solvency Certificate	72
5B.4	BP Acquisition	72
5B.5	Fees	72
5B.6	Notice of Borrowing	72
5B.7	Certificates	72
5B.8	Patriot Act	72
5B.9	Filings, Registrations and Recordings	72
5B.10	Liens	72
SECTION 6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS		73
6.1.	Existence and Standing	73
6.2.	Authorization and Validity	73
6.3.	No Conflict; Government Consent	73
6.4.	Financial Statements	74
6.5.	Material Adverse Change	74
6.6	Taxes	74
6.7.	Litigation and Contingent Obligations	74
6.8.	Subsidiaries	74
6.9.	ERISA	74
6.10.	Accuracy of Information	75
6.11.	Material Agreements	75
6.12.	Regulation U	75
6.13.	Compliance With Laws	75
6.14.	Ownership of Properties	75
6.15.	Plan Assets; Prohibited Transactions	75
6.16.	Environmental Matters	75
6.17.	Investment Company Act	76
6.18.	Insurance	76
6.19.	No Default or Unmatured Default	76
6.20.	USA PATRIOT Act	76
6.21.	Embargoed Persons	76
SECTION 7. AFFIRMATIVE COVENANTS		77

7.1.	Financial Reporting	77
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7.2.	Compliance Certificate	78
7.3.	Taxes	78
7.4.	Waiver of Stay, Extension and Usury Laws	79
7.5.	Use of Proceeds	79
7.6.	Notice of Default	79
7.7.	Corporate Existence	79
7.8.	Conduct of Business	79
7.9.	Insurance	80
7.10.	Compliance with Laws	80
7.11.	Maintenance of Properties	80
7.12.	Inspection; Keeping of Books and Records	80
7.13.	Collateral Documents; Guarantors	81
SECTION 8. NEGATIVE COVENANTS		81
8.1	Restricted Payments	81
8.2.	Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries	86
8.3.	Incurrence of Indebtedness and Issuance of Disqualified Equity	88
8.4.	Asset Sales	90
8.5.	Transactions with Affiliates	92
8.6.	Liens	94
8.7.	Effectiveness of Covenants and Other Provisions Upon an Investment Grade Rating Event	95
8.8.	Merger, Consolidation or Sale of Assets	95
SECTION 9. DEFAULTS AND REMEDIES		96
9.1.	Events of Default	96
9.2.	Remedies upon Default, Waivers of Past Defaults	98
9.3.	Application of Proceeds	99
SECTION 10. THE AGENTS		100
10.1.	Appointment	100
10.2.	Delegation of Duties	100
10.3.	Exculpatory Provisions	100
10.4.	Reliance by Agents	101
10.5.	Notice of Default	102
10.6.	Non-Reliance on Administrative Agent, Collateral Agent and Other Lenders	102
10.7.	Indemnification	102
10.8.	Agents in Their Individual Capacities	103
10.9.	Successor Agents	104
10.10.	Withholding Tax	104

10.11.	Collateral Documents and Collateral Agent under Collateral Documents and Guarantee	105
10.12.	Right to Realize on Collateral and Enforce Guarantee	105
10.13.	Appointment	105
SECTION 11. MISCELLANEOUS		106
11.1.	Amendments, Waivers and Releases	106
11.2.	Notices	108
11.3.	No Waiver; Cumulative Remedies	109
11.4.	Survival of Representations and Warranties	109
11.5.	Payment of Expenses; Indemnification	109
11.6.	Successors and Assigns; Participations and Assignments	110
11.7.	Replacements of Lenders Under Certain Circumstances	115
11.8.	Adjustments; Set-off	116
11.9.	Counterparts	117
11.10.	Severability	117
11.11.	Integration	117
11.12.	GOVERNING LAW	117
11.13.	Submission to Jurisdiction; Waivers	117
11.14.	Acknowledgments	118
11.15.	WAIVERS OF JURY TRIAL	119
11.16.	Confidentiality	119
11.17.	Direct Website Communications	120
11.18.	USA PATRIOT Act	122
11.19.	Payments Set Aside	122
11.20.	Reinstatement	122
11.21.	Release of Guarantee. Each Subsidiary's Subsidiary	123

## SCHEDULES

Schedule 1.1(a)	Commitments
Schedule 1.1(b)	Guarantors
Schedule 6.8	Subsidiaries
Schedule 6.9	ERISA
Schedule 9.20	Further Assurances
Schedule 11.2	Notice Addresses

## EXHIBITS

Exhibit A	Form of Guarantee
Exhibit B	Form of Security Agreement
Exhibit C	Form of Pledge Agreement
Exhibit D	Form of Specified Discount Prepayment Notice

-iv-

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Exhibit E	Form of Notice of Borrowing
Exhibit F	Form of Assignment and Acceptance
Exhibit G	[Reserved]
Exhibit H	Form of Term Loan Note
Exhibit I	Form of Solvency Certificate
Exhibit J	Form of Non-Bank Tax Certificate
Exhibit K	Form of ABL Intercreditor Agreement
Exhibit L	Form of Equal Priority Lien Intercreditor Agreement

-v-

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TERM LOAN CREDIT AGREEMENT dated as of January 28, 2013, among TESORO CORPORATION, a Delaware corporation (the “**Borrower**”), the lending institutions from time to time parties hereto (each a “**Lender**” and, collectively, the “**Lenders**”) and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent and Collateral Agent (such terms and each other capitalized term used but not defined in this preamble having the meaning provided in Section 1 hereto).

WHEREAS, the Borrower has requested that, immediately upon the satisfaction in full of the conditions precedent set forth in Section 5B below, the Lenders extend credit to the Borrower in the form of \$500,000,000 in aggregate principal amount of Initial Term Loans to be borrowed on the Funding Date (the “**Initial Term Loan Facility**”);

WHEREAS, the Lenders have indicated their willingness to extend such credit on the terms and subject to the conditions set forth herein;

WHEREAS, in connection with the foregoing and as an inducement for the Lenders to extend the credit contemplated hereunder, the Borrower has agreed to secure all of its Secured Obligations by granting to the Collateral Agent, for the benefit of the Secured Parties, a perfected security interest on certain of its assets (except as otherwise set

forth in the Loan Documents), including, but not limited to, a pledge of all of the Capital Stock of Tesoro Refining & Marketing Company LLC and Tesoro Alaska Company;

WHEREAS, in connection with the foregoing and as an inducement for the Lenders to extend the credit contemplated hereunder, certain Subsidiaries of the Borrower have agreed to guarantee the payment when due of all Secured Obligations, including, without limitation, all principal, interest and other amounts that shall be at any time payable by the Borrower under this Agreement or the other Loan Documents; and

NOW THEREFORE, in consideration of the premises and the covenants and agreements contained herein, the parties hereto hereby agree as follows:

## SECTION 1. Definitions

### 1.1. Defined Terms.

(a) As used herein, the following terms shall have the meanings specified in this Section 1.1 unless the context otherwise requires (it being understood that defined terms in this Agreement shall include in the singular number the plural and in the plural the singular):

“**2017 Notes**” shall mean the 4.250% Senior Notes due 2017 of the Borrower issued in compliance with and under that certain indenture, dated as of September 27, 2012, by and among the Borrower, the guarantors party thereto and U.S. Bank National Association, as trustee.

“**2022 Notes**” shall mean the 5.375% Senior Notes due 2022 of the Borrower issued in compliance with and under that certain indenture, dated as of September 27, 2012, by

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and among the Borrower, the guarantors party thereto and U.S. Bank National Association, as trustee.

“**ABL Collateral**” shall have the meaning ascribed to it in the ABL Intercreditor Agreement.

“**ABL Credit Facility**” shall mean that certain Sixth Amended and Restated Credit Agreement, dated as of January 4, 2013, as amended, supplemented or amended and restated from time to time, among the Borrower, JPMorgan Chase Bank, National Association, as administrative agent, and the financial institutions from time to time party thereto, and including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith.

“**ABL Obligations**” shall mean Obligations in respect of Indebtedness secured by a Lien on ABL Collateral ranking senior to the Lien securing the Obligations under this Agreement.

“**ABL Intercreditor Agreement**” shall mean the ABL Intercreditor Agreement in substantially the form of Exhibit K dated as of the Effective Date, among JPMorgan Chase Bank, National Association, as Revolving Credit Collateral Agent and Revolving Credit Administrative Agent for the holders of the Revolving Credit Obligations (each as defined therein), JPMorgan Chase Bank, National Association, as Initial Term Loan Collateral Agent and Initial Term Loan Administrative Agent for the Term Loan Secured Parties (each as defined therein), the Loan Parties, and each additional representative party thereto from time to time.

“**ABR**” shall mean for any day a fluctuating rate per annum equal to the highest of:

(a) the Federal Funds Effective Rate plus  $\frac{1}{2}$  of 1%,

(b) the rate of interest in effect for such day as publicly announced from time to time by the Administrative Agent as its “prime rate” and

(c) the LIBOR Rate for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%;

*provided* that, for the avoidance of doubt, for purposes of calculating the LIBOR Rate pursuant to clause (c) above, the LIBOR Rate for any day shall be based on the rate per annum determined by the Administrative Agent at approximately 11:00 a.m. (London time) on such day by reference to the rate appearing on the Reuters Screen LIBOR01 Page (or any successor page or any successor service, or any substitute page or substitute for such service, providing rate quotations comparable to the Reuters Screen LIBOR01 Page, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) for a period equal to one-month. The “prime rate” is a rate set by the Administrative Agent based upon various factors, including the Administrative Agent’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced



rate. Any change in the ABR due to a change in such rate announced by the Administrative Agent, in the Federal Funds Effective Rate or in the one-month LIBOR Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

**“ABR Loan”** shall mean each Loan bearing interest based on the ABR.

**“Account Debtor”** shall mean the account debtor or obligor with respect to any of the Receivables and/or the prospective purchaser with respect to any contract right, and/or any party who enters into or proposes to enter into any contract or other arrangement with the Borrower or any Restricted Subsidiary.

**“Acquired Debt”** shall mean, with respect to any specified Person, (a) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Restricted Subsidiary of such specified Person and (b) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person, but excluding, in any event, Indebtedness that is extinguished, retired or repaid in connection with such Person merging with or becoming a Restricted Subsidiary of such specified Person.

**“Administrative Agent”** shall mean JPMorgan Chase Bank, National Association, as the administrative agent for the Lenders under this Agreement and the other Loan Documents, or any successor administrative agent appointed in accordance with the provisions of Section 10.9.

**“Administrative Agent’s Office”** shall mean the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 11.2, or such other address or account as the Administrative Agent may from time to time notify in writing to the Borrower and the Lenders.

**“Administrative Questionnaire”** shall have the meaning provided in Section 11.6(b)(ii)(D) hereof.

**“Affiliate”** of any specified Person shall mean, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

**“Affiliate Transaction”** shall have the meaning provided in Section 8.5 hereof.

**“Agent Parties”** shall have the meaning provided in Section 11.17(d) hereof.

**“Agents”** shall mean the Administrative Agent, the Collateral Agent and Sole Lead Arranger and Sole Bookrunner.

“**Agreement**” shall mean this Term Loan Credit Agreement.

“**Agreement Accounting Principles**” shall mean GAAP, applied in a manner consistent with that used in preparing the financial statements of the Borrower referred to in Section 6.4; *provided, however*, “Agreement Accounting Principles” shall mean GAAP as in effect in the United States as of the Effective Date, applied in a manner consistent with that used in preparing the financial statements of the Borrower referred to in Section 6.4. Notwithstanding anything to the contrary herein, any obligations of a Person under a lease (whether existing now or entered into in the future) that is not (or would not be) required to be classified and accounted for as a capital lease on the balance sheet of such Person under the Agreement Accounting Principles as in effect on the Effective Date shall not be treated as a capital lease solely as a result (x) the adoption of changes in or (y) changes in the application of GAAP after the Effective Date.

“**Applicable ABR Margin**” shall mean at any date, with respect to each ABR Loan, 1.25% *per annum*.

“**Applicable LIBOR Margin**” shall mean at any date, with respect to each LIBOR Loan, 2.25% *per annum*.

“**Approved Fund**” shall mean any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“**Asset Sale**” shall mean (i) the sale, lease, conveyance or other disposition of any assets or rights (including, without limitation, by way of a Sale and Leaseback Transaction) of the Borrower or any of its Restricted Subsidiaries other than in the ordinary course of business (*provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Borrower and its Restricted Subsidiaries taken as a whole shall be governed by Sections 8.8 and 9.1(k) hereof and not by the provisions in Section 8.4 hereof); and (ii) the issue or sale by the Borrower or any of its Restricted Subsidiaries of Equity Interests of any of the Borrower’s Restricted Subsidiaries, in the case of either clause (i) or (ii), whether in a single transaction or a series of related transactions, (a) that have a Fair Market Value in excess of \$50.0 million or (b) for Net Proceeds in excess of \$50.0 million; *provided* that the following shall not be deemed to be Asset Sales:

(1) any sale or exchange of production of crude oil, natural gas and natural gas liquids, or refined products or residual hydrocarbons, or any other asset or right constituting inventory, made in the ordinary course of the Permitted Business;

(2) any disposition of assets in trade or exchange for assets of comparable Fair Market Value used or usable in any Permitted Business (including, without limitation, the trade or exchange for a controlling interest in another business or all or substantially all of the assets or operating line of a business, in each case, engaged in a Permitted Business or for other non-current assets to be used in a Permitted Business, including, without limitation, assets or Investments of the nature or type described in clause (m) of the definition of “Permitted Investments”); *provided* that any cash or Cash Equivalents received by the Borrower or a Restricted Subsidiary in connection with such trade or exchange