

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: May 24, 2007

**Re: Tesoro Corporation (TSO) - 2 for 1 Stock Split**

Tesoro Corporation (TSO) has declared a 2 for 1 stock split payable to share holders of record on Monday, May 14, 2007. Distribution date for the stock split will be Tuesday, May 29, 2007. **NASDAQ has set the ex-distribution date for Wednesday, May 30, 2007.**

The Options Clearing Corporation (OCC), pursuant to OCC By-Laws, intends to issue on the distribution date (1) additional TSO option contract for each option contract held. Further, on the ex-distribution date each TSO series will have an adjusted exercise (strike) price equal to 1/2 of the exercise (strike) price for each TSO series existing on the business day preceding the ex-distribution date. For example, beginning on Wednesday, May 30, 2007 an account holding (2) TSO JUN 90 calls (TSO FR) will hold (4) TSO JUN 45 calls (TSO FI). Customers should be advised that (1) contract in the adjusted TSO series will still represent 100 shares of TSO common shares.

**POSITION/EXERCISE LIMITS:**

Position and exercise limits will change from 250,000 to 500,000 contracts until the expiration date of January 17, 2009

**GOOD-TILL-CANCELLED (GTC) ORDERS:**

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution or effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

The resulting list of adjusted strike prices and symbols is as follows:

Tesoro Corporation (TSO) (Before 5/30/2007) (1 Contract)					Tesoro Corporation (TSO) (Beginning 5/30/2007) (2 Contracts)				
			Calls	Puts				Calls	Puts
TSO	JUN	90	FR	RR	TSO	JUN	45	FI	RI
TSO	JUN	95	FS	RS	TSO	JUN	47 1/2	FX	RX
TSO	JUN	100	FT	RT	TSO	JUN	50	FJ	RJ
TSO	JUN	105	FA	RA	TSO	JUN	52 1/2	FY	RY
TSO	JUN	110	FB	RB	TSO	JUN	55	FK	RK
TSO	JUN	115	FC	RC	TSO	JUN	57 1/2	FZ	RZ
TSO	JUN	120	FD	RD	TSO	JUN	60	FL	RL
TSO	JUN	125	FE	RE	TSO	JUN	62 1/2	FU	RU
TSO	JUN	130	FF	RF	TSO	JUN	65	FM	RM
TSO	JUN	135	FG	RG	TSO	JUN	67 1/2	FT	RT
TSO	JUN	140	FH	RH	TSO	JUN	70	FN	RN
TSO	JUN	145	FU	RU	TSO	JUN	72 1/2	FA	RA
TSO	JUN	150	FV	RV	TSO	JUN	75	FO	RO
TSO	JUN	155	FW	RW	TSO	JUN	77 1/2	FB	RB
TSO	JUN	160	FX	RX	TSO	JUN	80	FP	RP

Tesoro Corporation (TSO)  
 (Before 5/30/2007)  
 (1 Contract)

			Calls	Puts
TSO	JUL	105	GA	SA
TSO	JUL	110	GB	SB
TSO	JUL	115	GC	SC
TSO	JUL	120	GD	SD
TSO	JUL	125	GE	SE
TSO	JUL	130	GF	SF
TSO	JUL	135	GG	SG
TSO	JUL	140	GH	SH
TSO	JUL	145	GU	SU

TSO	AUG	60	HL	TL
TSO	AUG	65	HM	TM
TSO	AUG	70	HN	TN
TSO	AUG	75	HO	TO
TSO	AUG	80	HP	TP
TSO	AUG	85	HQ	TQ
TSO	AUG	90	HR	TR
TSO	AUG	95	HS	TS
TSO	AUG	100	HT	TT
TSO	AUG	105	HA	TA
TSO	AUG	110	HB	TB
TSO	AUG	115	HC	TC
TSO	AUG	120	HD	TD
TSO	AUG	125	HE	TE
TSO	AUG	130	HF	TF
TSO	AUG	135	HG	TG
TSO	AUG	140	HH	TH
TSO	AUG	145	HU	TU
TSO	AUG	150	HV	TV
TSO	AUG	155	HW	TW
TSO	AUG	160	HX	TX

TSO	NOV	70	KN	WN
TSO	NOV	75	KO	WO
TSO	NOV	80	KP	WP
TSO	NOV	85	KQ	WQ
TSO	NOV	90	KR	WR
TSO	NOV	95	KS	WS
TSO	NOV	100	KT	WT
TSO	NOV	105	KA	WA
TSO	NOV	110	KB	WB
TSO	NOV	115	KC	WC
TSO	NOV	120	KD	WD
TSO	NOV	125	KE	WE
TSO	NOV	130	KF	WF
TSO	NOV	135	KG	WG
TSO	NOV	140	KH	WH
TSO	NOV	145	KU	WU
TSO	NOV	150	KV	WV
TSO	NOV	155	KW	WW
TSO	NOV	160	KX	WX

Tesoro Corporation (TSO)  
 (Beginning 5/30/2007)  
 (2 Contracts)

			Calls	Puts
TSO	JUL	52 1/2	GY	SY
TSO	JUL	55	GK	SK
TSO	JUL	57 1/2	GZ	SZ
TSO	JUL	60	GL	SL
TSO	JUL	62 1/2	GU	SU
TSO	JUL	65	GM	SM
TSO	JUL	67 1/2	GT	ST
TSO	JUL	70	GN	SN
TSO	JUL	72 1/2	GA	SA

TSO	AUG	30	HF	TF
TSO	AUG	32 1/2	HS	TS
TSO	AUG	35	HG	TG
TSO	AUG	37 1/2	HV	TV
TSO	AUG	40	HH	TH
TSO	AUG	42 1/2	HW	TW
TSO	AUG	45	HI	TI
TSO	AUG	47 1/2	HX	TX
TSO	AUG	50	HJ	TJ
TSO	AUG	52 1/2	HY	TY
TSO	AUG	55	HK	TK
TSO	AUG	57 1/2	HZ	TZ
TSO	AUG	60	HL	TL
TSO	AUG	62 1/2	HU	TU
TSO	AUG	65	HM	TM
TSO	AUG	67 1/2	HT	TT
TSO	AUG	70	HN	TN
TSO	AUG	72 1/2	HA	TA
TSO	AUG	75	HO	TO
TSO	AUG	77 1/2	HB	TB
TSO	AUG	80	HP	TP

TSO	NOV	35	KG	WG
TSO	NOV	37 1/2	KV	WV
TSO	NOV	40	KH	WH
TSO	NOV	42 1/2	KW	WW
TSO	NOV	45	KI	WI
TSO	NOV	47 1/2	KX	WX
TSO	NOV	50	KJ	WJ
TSO	NOV	52 1/2	KY	WY
TSO	NOV	55	KK	WK
TSO	NOV	57 1/2	KZ	WZ
TSO	NOV	60	KL	WL
TSO	NOV	62 1/2	KU	WU
TSO	NOV	65	KM	WM
TSO	NOV	67 1/2	KT	WT
TSO	NOV	70	KN	WN
TSO	NOV	72 1/2	KA	WA
TSO	NOV	75	KO	WO
TSO	NOV	77 1/2	KB	WB
TSO	NOV	80	KP	WP

Tesoro Corporation - 2008 Leap (LGC)  
 (Before 5/30/2007)  
 (1 Contract)

			Calls	Put
LGC	JAN	25	AE	ME
LGC	JAN	30	AF	MF
LGC	JAN	35	AG	MG
LGC	JAN	40	AH	MH
LGC	JAN	50	AJ	MJ
LGC	JAN	60	AL	ML
LGC	JAN	70	AN	MN
LGC	JAN	75	AO	MO
LGC	JAN	80	AP	MP
LGC	JAN	85	AQ	MQ
LGC	JAN	90	AR	MR
LGC	JAN	95	AS	MS
LGC	JAN	100	AT	MT
LGC	JAN	105	AA	MA
LGC	JAN	110	AB	MB
LGC	JAN	115	AC	MC
LGC	JAN	120	AD	MD
LGC	JAN	125	AU	MU
LGC	JAN	130	AY	MY
LGC	JAN	140	AZ	MZ
LGC	JAN	150	AV	MV
LGC	JAN	155	AW	MW
LGC	JAN	160	AX	MX

Tesoro Corporation - 2008 Leap (LGC)  
 (Beginning 5/30/2007)  
 (2 Contracts)

			Calls	Put
LGC	JAN	12 1/2	AQ	MQ
LGC	JAN	15	AC	MC
LGC	JAN	17 1/2	AR	MR
LGC	JAN	20	AD	MD
LGC	JAN	25	AE	ME
LGC	JAN	30	AF	MF
LGC	JAN	35	AG	MG
LGC	JAN	37 1/2	AV	MV
LGC	JAN	40	AH	MH
LGC	JAN	42 1/2	AW	MW
LGC	JAN	45	AI	MI
LGC	JAN	47 1/2	AX	MX
LGC	JAN	50	AJ	MJ
LGC	JAN	52 1/2	AY	MY
LGC	JAN	55	AK	MK
LGC	JAN	57 1/2	AZ	MZ
LGC	JAN	60	AL	ML
LGC	JAN	62 1/2	AU	MU
LGC	JAN	65	AM	MM
LGC	JAN	70	AN	MN
LGC	JAN	75	AO	MO
LGC	JAN	77 1/2	AB	MB
LGC	JAN	80	AP	MP

Tesoro Corporation - 2009 Leap (ZGC)  
 (Before 5/30/2007)  
 (1 Contract)

			Calls	Put
ZGC	JAN	40	AH	MH
ZGC	JAN	50	AJ	MJ
ZGC	JAN	60	AL	ML
ZGC	JAN	70	AN	MN
ZGC	JAN	80	AP	MP
ZGC	JAN	90	AR	MR
ZGC	JAN	100	AT	MT
ZGC	JAN	110	AB	MB
ZGC	JAN	120	AD	MD
ZGC	JAN	140	AZ	MZ
ZGC	JAN	150	AV	MV
ZGC	JAN	155	AW	MW
ZGC	JAN	160	AX	MX

Tesoro Corporation - 2009 Leap (ZGC)  
 (Beginning 5/30/2007)  
 (2 Contracts)

			Calls	Put
ZGC	JAN	20	AD	MD
ZGC	JAN	25	AE	ME
ZGC	JAN	30	AF	MF
ZGC	JAN	35	AG	MG
ZGC	JAN	40	AH	MH
ZGC	JAN	45	AI	MI
ZGC	JAN	50	AJ	MJ
ZGC	JAN	55	AK	MK
ZGC	JAN	60	AL	ML
ZGC	JAN	70	AN	MN
ZGC	JAN	75	AO	MO
ZGC	JAN	77 1/2	AB	MB
ZGC	JAN	80	AP	MP

**Any additional TSO series that are added prior to the ex-date will also be adjusted in the manner described above.**

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2,  
 or (215) 496-1508.