



MEMO #: 2747-07

MEMORANDUM

TO: All Members, Member Organizations, and ROTs

FROM: Market Watch

DATE: November 8, 2007

RE: **Tesoro Corporation (TSO)**
Partial Tender Offer

Tracinda Corporation is offering to acquire up to 21,875,000 of the outstanding Common shares of Tesoro Corporation (TSO). Tesoro Corporation (TSO) will receive \$64.00 in cash for every Common Share of Tesoro Corporation (TSO) being held, in accordance with the terms and subject to the conditions set forth in the Offer to Purchase, dated November 7, 2007, and in the related Letter of Transmittal, which together constitute the "Offer".

There is a guarantee period of three (3) NYSE Trading Days, in which shares not immediately available may be tendered under a "Notice of Guaranteed Delivery".

The Offer and withdrawal rights will expire at 11:59 P.M., New York City Time, on Thursday, December 6, 2007, unless extended.

The foregoing discussion is an unofficial summary of the terms of the offer, prepared by PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of this summary. Members should refer to the offer to purchase for the authoritative description of the offer and all of its terms and conditions.

SPECIAL RISKS

Special risks exist for uncovered writers of TSO call options. If an uncovered call option writer is assigned on or before the tender offer expiration date, the writer may not be able to deliver TSO Common Stock by the option settlement date. The Options Clearing Corporation ("OCC") Article VI, Section 19 of the By-Laws describes steps, which may be taken in the event that there is a shortage of shares.

Please note that TSO options will NOT be adjusted to reflect the expiration of the tender offer. Until a merger, consolidation or similar event occurs, TSO common stock will still exist, trade and be deliverable in settlement of option exercise.

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