

Tesoro Corporation

GOVERNANCE COMMITTEE

Of the Board of Directors

CHARTER

I PURPOSE

The Governance Committee (the "Committee") of the Board of Directors (the "Board") of Tesoro Petroleum Corporation (the "Company") shall take a leadership role in and provide assistance to the Board in fulfilling its responsibilities to the shareholders, potential shareholders and the investment community including the Committee taking such actions to:

- Review and recommend to the Board the appropriate organizational structure of the Board and each Committee of the Board; identify individuals qualified to become directors; and, recommend candidates to the Board for all directorships.
- Develop and recommend to the Board corporate governance guidelines applicable to the Company.
- Review and recommend to the Board compensation for non-employee members of the Board.
- Oversee the annual evaluation of the Board, its committees and the Company's Chief Executive Officer.

II PRINCIPAL RESPONSIBILITIES

The Committee has the authority to:

- Develop and maintain a long-term plan for Board composition that takes into consideration the current strengths, skills and experience on the Board, retirement policy and the strategic direction of the Company.
- Develop recommendations regarding the criteria for selecting director candidates.
- Identify individuals believed to be qualified as candidates to serve on the Board and recommend to the Board candidates for all directorships.

- Exercise sole authority to retain and terminate any search firm used to identify director candidates, including the sole authority to approve the search firm's fees and other terms of engagements.
- Review, monitor and make recommendations regarding the orientation and continuing education of directors.
- Consider questions of independence and possible conflicts of interest of members of the Board and executive officers.
- Review the non-employee directors' compensation program with the Compensation Committee and make appropriate recommendations to the Board.
- Review succession plans for Senior Management.
- Recommend to the Board any action on the Company's Corporate Governance Guidelines and other matters concerning corporate governance that may be required or considered advisable.

III COMPOSITION AND PROCEDURES

- The Board of Directors shall elect a chairman of the Governance Committee and the Committee will be composed of no fewer than three directors.
- Each member of the Governance Committee is intended to be an independent, non-employee director.
- The Committee will meet as often as the members shall determine to be necessary or appropriate, but at least one time during each fiscal year.
- The Committee will report regularly to the Board.
- The presence of a majority of the Committee members will constitute a quorum for the transaction of business.
- The Committee will determine its own rules of procedure, consistent with the rules of NYSE and applicable regulations.
- The Committee will have access to the Company's senior management and may request a Company senior officer or the Company's outside counsel to attend a meeting of the Committee or to meet with any member of, or consultant to, the Committee.
- From time to time, as deemed required by the Committee, the Committee may retain independent advice regarding governance issues.

IV ANNUAL EVALUATION

At least annually, and as circumstances dictate, the Committee shall:

- Conduct an annual performance evaluation of the Committee, review the Committee's Charter and report the results to the Board.
- Considering the self-performance reviews of each committee, review the need for, and suitability of, the committees of the Board and make recommendations to the Board as appropriate.
- Recommend committee members and chair appointments to the Board.
- Coordinate a performance evaluation of the Board.
- Coordinate an annual evaluation of the Chief Executive Officer by non-employee directors, including the Chief Executive Officer's performance relative to previously agreed goals and objectives, and advise the Compensation Committee.