

November 21, 2013

Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090



Tesoro Corporation  
19100 Ridgewood Parkway  
San Antonio, TX 78259  
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**Re: Comment Letter on Pay Ratio Disclosure (File No. S7-07-13)**

Dear Ms. Murphy:

Tesoro appreciates the opportunity to comment on the Securities and Exchange Commission's (SEC) proposed rule to implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). Tesoro Corporation, a Fortune 100 company, is an independent refiner and marketer of petroleum products. The Company has considered the proposed CEO Pay Ratio rule and believes the benefit to shareholders and potential investors to be highly questionable, especially in relationship to the cost of compliance. In addition to providing little to no value for the reasons outlined below, we believe the information could negatively impact an investor's ability to make informed decisions.

Tesoro believes the draft rule, as written, would provide no material benefit to shareholders or potential investors. Even if a consistent definition of compensation were used, an investor could not meaningfully compare Tesoro's pay ratio to other companies due to fundamental differences in employment, organizational structure and the overall approach to compensation, even among peer companies. Given the lack of a standard definition of "compensation" to determine the median employee, comparisons across companies and industries will not be possible. We believe this information will not provide valuable insight into management pay practices and will be a disservice to shareholders and investors who may not fully understand the complexities of the rule, but make investment decisions on its basis.

While the SEC has taken steps to provide flexibility in determining the median employee, Tesoro anticipates the compliance costs will be greater than the SEC estimated cost. The data-gathering process to determine the median employee will be burdensome and costly because pay information must be captured for all full-time and part-time workers on a global basis. Tesoro conducts business outside the U.S. and international employees' payroll is outsourced. Tesoro does not have a single payroll system which easily analyzes all the types of data required for this calculation. Requiring companies to include all employees in the calculation increases the complexity of the process and a lack of standardization of the data makes it meaningless for comparative purposes.

In addition, the CEO typically has a substantially larger portion of their pay at risk linked to Company performance metrics, such as Total Shareholder Return (TSR), than the median employee. Performance metrics such as TSR are intended to measure shareholder value. As a result, a counterintuitive and confusing result of this rule would be that in strong performance years a company's ratio would go up, potentially drawing external criticism, and in poor performance years the ratio would go down, potentially drawing external praise. This possible reaction to higher or lower ratio numbers would be contradictory to longer-term company health and shareholder interests.

In closing, Tesoro urges the SEC to consider more fully whether investors would benefit from this disclosure. Tesoro appreciates this opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles S. Parrish". The signature is fluid and cursive, with a large initial "C" and "P".

Charles S. Parrish  
EVP, General Counsel & Secretary