
Holly Corporation

Acquisition of Sinclair's Tulsa Refinery

Presented via Webcast

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Sinclair Tulsa Refinery Presentation Topics

- **Holly Overview**
- **Transaction Summary**
- **Sinclair Tulsa Refinery Description**
- **Holly Tulsa + Sinclair Tulsa: Key Benefits**
- **Before/After Sales Mix**
- **Attractive Purchase Multiple for Combined Plant**
- **Summary Overview**
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Holly Overview



Holly Corporation:

- ✓ Holly's refineries operate in Southwest, Rockies & Mid-Continent markets
- ✓ 216,000 bpsd of refining capacity*
- ✓ Refineries directly connected to Domestic or Canadian crude trading hubs
- ✓ Owns 100% of GP and 7.3 million LP units of Holly Energy Partners (NYSE: HEP)

Holly Energy Partners:

- ✓ Over 2,700 miles of refined product & crude pipelines
- ✓ 11 Terminals & 3 loading rack facilities in 7 states (3 terminals co-owned)
- ✓ Approximately 3 million bbls of refined product & crude oil storage
- ✓ 70% interest in Rio Grande Pipeline Company, a joint venture with BP, moving LPG's from West Texas into Mexico
- ✓ 25% interest in Salt Lake pipeline, a joint venture with Plains, delivering crude oil into the Salt Lake valley

*Tulsa refinery acquired from Sunoco on June 1, 2009; excludes additional capacity of Sinclair's Tulsa refinery

Transaction Summary

- Holly has signed a definitive agreement to purchase Sinclair's Tulsa refinery
 - Holly's portion of the purchase price will consist of \$74.0 million in Holly stock and \$54.5 million of cash at closing (for total of \$128.5 million)
 - At closing Sinclair will enter into a long-term off take agreement for up to 50,000 BPD of gasoline/diesel to supply their Mid-Con branded and unbranded marketing network
 - Holly will enter into a contract for storage and logistics services with HEP relating to the assets that HEP will purchase from Sinclair
- Sinclair's Tulsa refinery is a 75,000 barrel per stream day ("bpsd") cracking refinery located approximately 2 miles southeast of Holly's Tulsa refinery⁽¹⁾
- The purchase and sale agreement requires Holly to purchase approximately 500,000 barrels of inventory from Sinclair at closing
- Holly will fund the cash portion of the purchase price and the purchase of the inventory via a combination of cash on hand, utilization of existing credit facility and/or proceeds from a possible sale of debt securities
- Holly is currently in negotiations to increase its existing \$300 million revolving credit facility

¹Combined fully integrated capacity of Holly's existing Tulsa refinery and Sinclair's refinery is projected to be approximately 125,000 bpsd

Sinclair Tulsa Refinery Description

- Crude capacity – 75,000 bpd
- Location – 2 miles southeast of Holly's Tulsa refinery
- Key operating units and design capacities:
 - Crude unit (75,000 bpd)
 - CCR reformer (19,000 bpd)
 - Fluid catalytic cracker (24,000 bpd)
 - Diesel hydrotreater (24,000 bpd)
 - Isomerization unit (10,000 bpd)
 - Sulfuric acid alkylation (4,500 bpd)
 - Scanfiner (16,000 bpd)
 - Sulfur plant (40 tons/day)
- Three common carrier pipeline connections to Cushing for crude oil and pipeline access for refined products to most of Midwest markets via Magellan pipeline
- Approximately 3.7 million barrels of storage: HEP to own 1.4mm bbls – HOC to own 2.3mm bbls
- Sinclair has expended over \$300 million since 2004 for upgrades and regulatory mandates
 - Produces 100% ULSD and meets EPA low sulfur gasoline specifications on all gasoline

Holly Tulsa + Sinclair Tulsa: Key Benefits

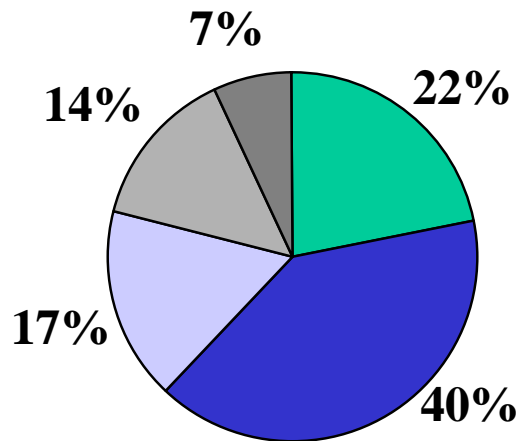
- ✓ Holly will integrate the two Tulsa facilities to form one complex 125,000 BPD refinery¹
- ✓ Net capex savings of approximately \$125 million:
 - Eliminates an estimated \$110 million of project capital requirements
 - Reduces MSAT 2 compliance capex by about \$15 million
- ✓ Allows for immediate upgrade of existing gas oil production to gasoline/diesel without capital investment
 - 12,000 bpd at \$7/bbl WTI crack spread² would produce \$31 million per year in increased product value
 - Eliminates future capital investment at Holly's existing Tulsa refinery of \$100 million or more for gas oil upgrading facilities
- ✓ Integration will create combined facility with Nelson complexity of over 14.0 @ 125,000 BPD
- ✓ Holly adds an additional 40,000 BPD of crude capacity
 - Company wide capacity will be 256,000 BPD with weighted average complexity of 12.9
 - Mid-2008 company wide capacity was 111,000 BPD

¹Full integration could take up to 18 months but gas oil upgrade is available immediately

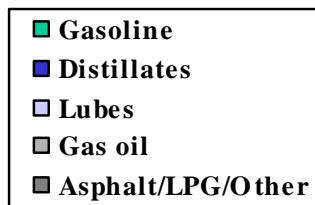
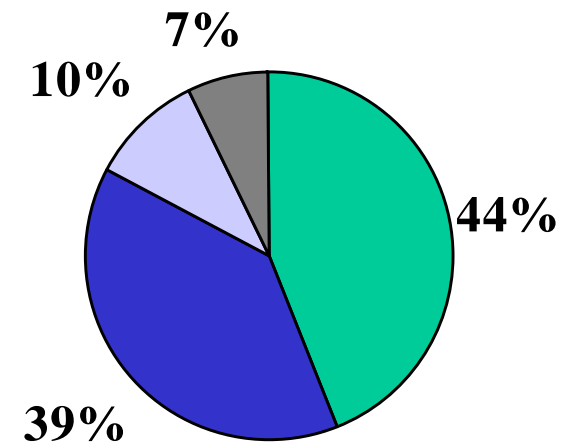
²2009 YTD Gulf Coast crack spread (3-2-1) is approximately \$7.20/BBL

Before/After Sales Mix

Holly Tulsa – Current Capability
Crude Capacity = 85,000 bpd



With Sinclair Tulsa (fully integrated)
Crude Capacity = 125,000 bpd



Attractive Purchase Multiple for Combined Plant¹

Purchase price	
Sun Tulsa	\$ 65.0
Sinclair Tulsa	\$ 128.5
Purchase Price Total (\$mm)	\$ 193.5
Logistic Asset Sale to-date (\$mm)	\$ (17.5)
Revised Project CAPEX (\$mm) ²	\$ 40.0
Emission Reduction CAPEX (\$mm)	\$ 16.0
All-in Cost (\$mm)	\$ 232.0
Capacity (BPD)	125,000
Nelson Complexity Factor	14.0
All-in Cost per BPD of Capacity (\$/BPD)	\$ 1,856
All-in Cost per Complexity Barrel (\$/CBPD)	\$ 133

Refinery industry acquisitions over the last five years:

	<u>Average</u>	<u>High</u>
\$ / BBL of capacity	\$11,325	\$18,000
\$ / Complexity BBL	\$1,186	\$2,000

¹Full integration could take up to 18 months -- gas oil upgrade is available immediately

²Total comprised of \$10mm for expanded desulfurization capacity at the Sinclair refinery and \$30mm for expanded sulfur & flare gas recovery at the existing Tulsa refinery

Summary Overview: Purchase Transaction & Integration

- ✓ **Creates complex refining facility with scale**
 - **Specialty lubes production**
 - **High distillate yield**
 - **Strong gasoline yield**
 - **Asphalt production & coker operation**
 - **Expands Holly's Mid-Con capacity by 40,000 BPD**
- ✓ **Upgrades low-value product into transportation fuels**
 - **Allows margin upgrade of Holly gas oil production**
 - **Eliminates \$100 MM + future capital expenditures to achieve same result**
- ✓ **Capital avoidance**
 - **Eliminates \$125 MM of regulatory required capital**
 - **Eliminates large project execution risk**
- ✓ **Low all-in cost for large complex Mid-Con refinery**

Holly Investment Highlights

1

High Quality, Complex Refining Asset Base

2

Attractive Product Markets

3

High Degree of Crude Source Flexibility

4

Synergistic Acquisitions of Tulsa Refineries (Sun + Sinclair)

5

Conservative Capital Structure

6

Experienced Management Team

Holly Corporation

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