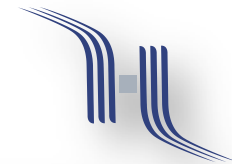


# *Holly Energy Partners*

## *Fall 2010*



**HEP**  
**LISTED**  
**NYSE**  
Ticker: HEP



**HOLLY ENERGY PARTNERS**

# Our Mission

Our mission is to be a premier U.S. petroleum refining, pipeline and terminal company as measured by superior financial performance and sustainable, profitable growth.

We seek to accomplish this by operating safely, reliably and in an environmentally responsible manner, effectively and efficiently operating our existing assets, offering superior products and services, and growing organically and through strategic acquisitions.

We strive to outperform our competition due to the quality and development of our people and our assets. We endeavor to maintain an inclusive and stimulating work environment that enables each employee to fully contribute to and participate in the Company's success.

# Our Values

**Health & Safety: We put health and safety first.** We conduct our business with high regard for the health and safety of our employees, contractors, and neighboring communities. We continuously strive to raise the bar, guided by our stringent health and safety performance standards.

**Environmental Stewardship: We care about the environment.** We are committed to minimizing environmental impacts by reducing wastes, emissions, and other releases. We understand that it is a privilege to conduct our business in the communities where we operate.

**Corporate Citizenship: We obey the law.** We are committed to promoting sustainable social and economic benefits wherever we operate.

**Honesty & Respect: We tell the truth and respect others.** We uphold high standards of business ethics and integrity, enforce strict principles of corporate governance, and support transparency in all our operations. One of our greatest assets is our reputation for acting ethically in the interests of employees, shareholders, customers, business partners, and the communities where we operate.

**Continuous Improvement: We must continually improve.** Innovation and high-performance are our way of life. Our culture creates a fulfilling environment which enables employees to reach their full potential. We believe a positive attitude toward constructive change is essential.

# Safe Harbor Disclosure Statement

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Statements made during the course of this presentation that are not historical facts are “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 including, but not limited to, statements identified by the words “anticipate,” “believe,” “expect,” “estimate,” “plan,” “intend,” “will,” and “forecast,” and similar expressions and statements regarding our business strategy, plans and objectives for future operations. Forward-looking statements are inherently uncertain and necessarily involve risks that may affect our business prospects and performance, and actual results may differ materially from those discussed during the presentation. Such risks and uncertainties include but are not limited to risks and uncertainties with respect to the future performance of the pipelines and terminals, the actions of actual or potential competitive suppliers and transporters of refined petroleum products in our markets and the markets of Holly Corporation and Alon USA, the demand for and supply of crude oil and refined products, the spread between market prices for refined products and market prices for crude oil, the possibility of constraints on the transportation of refined products, the possibility of inefficiencies or shutdowns in refinery operations or pipelines, effects of governmental regulations and policies, the availability and cost of financing, the effectiveness of capital investments and marketing and acquisition strategies, the possibility of terrorist attacks, our ability to complete announced acquisition transactions and the consequences of any such attacks, and general economic conditions. Also please see additional information on risks and uncertainties that could affect the business prospects and performance of Holly Energy Partners which is provided in our reports filed with the Securities and Exchange Commission from time to time. All forward-looking statements included in this presentation are expressly qualified in their entirety by the foregoing cautionary statements. Holly Energy Partners undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# Key HEP Strengths & Highlights:

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- ✓ *100% fee based revenue business*
- ✓ *Long term contracts supporting revenue stream*
- ✓ *Proven track record of distribution increases*
- ✓ *No commodity ownership risk or hedging*
- ✓ *Well maintained assets serving high growth markets*
- ✓ *Senior management team averages over 25 years of industry experience*
- ✓ *Benefits from Holly's refining growth plan*



# Presentation Topics

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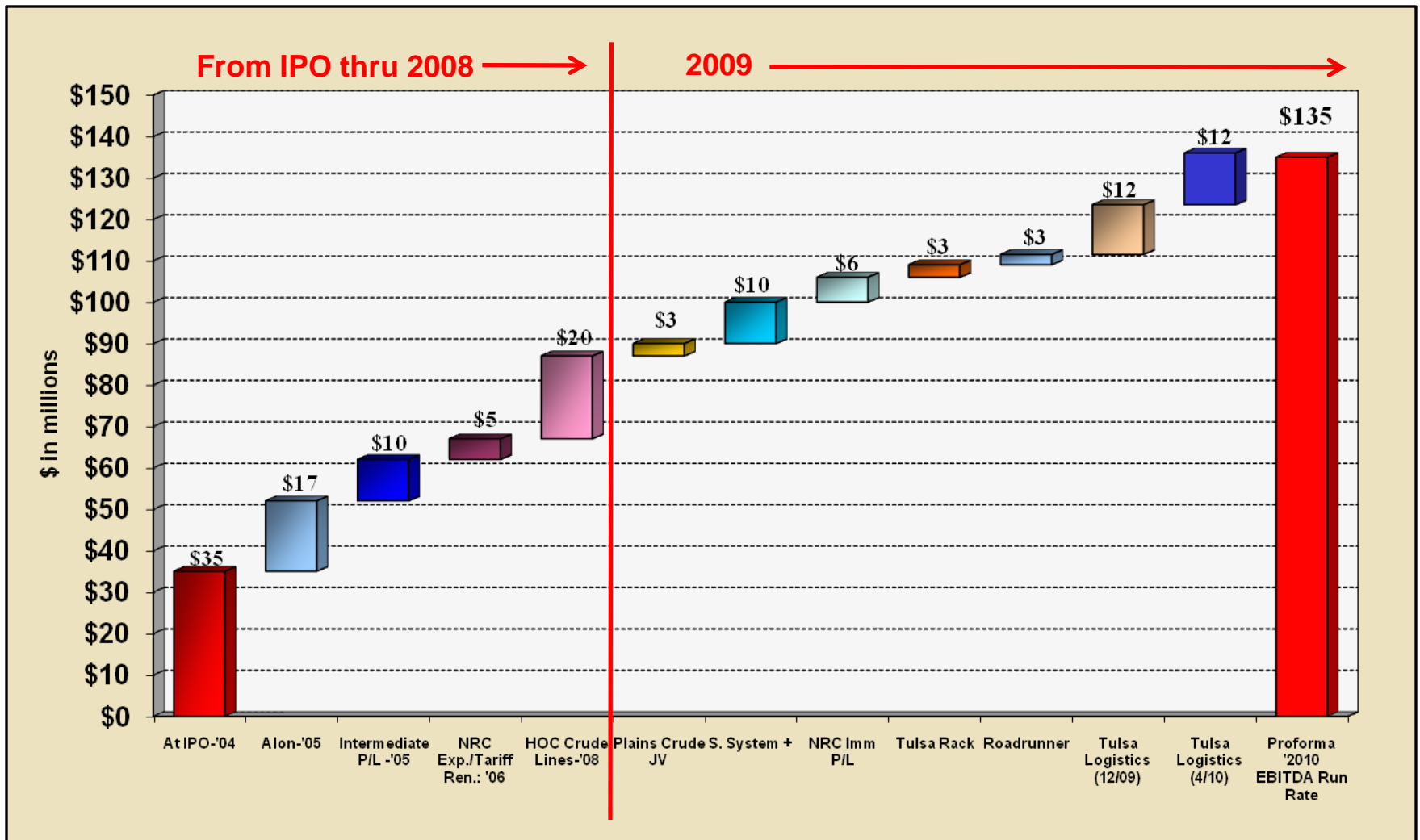
- ✓ **HEP History and Strong Track Record**
- ✓ Low Risk Profile
- ✓ Growth Orientation
- ✓ Summary
- ✓ Appendix



# HEP: Formation & Acquisition History

|      |   |
|------|---|
| 2004 | <ul style="list-style-type: none"><li>■ Formed as a Master Limited Partnership with an Initial Public Offering sponsored by Holly Corporation</li></ul>   |
| 2005 | <ul style="list-style-type: none"><li>■ Acquired pipeline &amp; terminal assets from Alon USA</li><li>■ Acquired intermediate feedstock pipelines from Holly Corporation entities</li></ul>   |
| 2008 | <ul style="list-style-type: none"><li>■ Acquired crude oil gathering &amp; trunk pipelines, crude oil storage assets, &amp; several other logistics assets from Holly Corporation entities</li></ul>  |
| 2009 | <ul style="list-style-type: none"><li>■ Acquired 25% JV interest in SLC Pipeline, LLC, a crude oil transportation pipeline with Plains, (NYSE:PAA), as 75% JV partner</li><li>■ Acquired 16" Intermediate Pipeline from Holly Corporation providing additional pipeline capacity from Lovington, NM to Artesia, NM refinery facilities</li><li>■ Acquired Loading Rack Facilities at Holly's Tulsa Refinery</li><li>■ Sold HEP interest in Rio Grande Pipeline to Enterprise Products Operating L.L.C.</li><li>■ Acquired Roadrunner &amp; Beeson Pipelines from Holly Corporation to deliver crudes from Cushing, OK to Holly's New Mexico refining facilities</li><li>■ December 2009: Acquired Sinclair Refining, Tulsa, OK tankage and logistics assets along with Holly's purchase of Sinclair's Refining assets</li></ul> |
| 2010 | <ul style="list-style-type: none"><li>■ Acquired 2 million barrels of storage and rail loading facilities at HOC's Tulsa – East (Legacy Sinclair) Refining Facility.</li></ul>  |

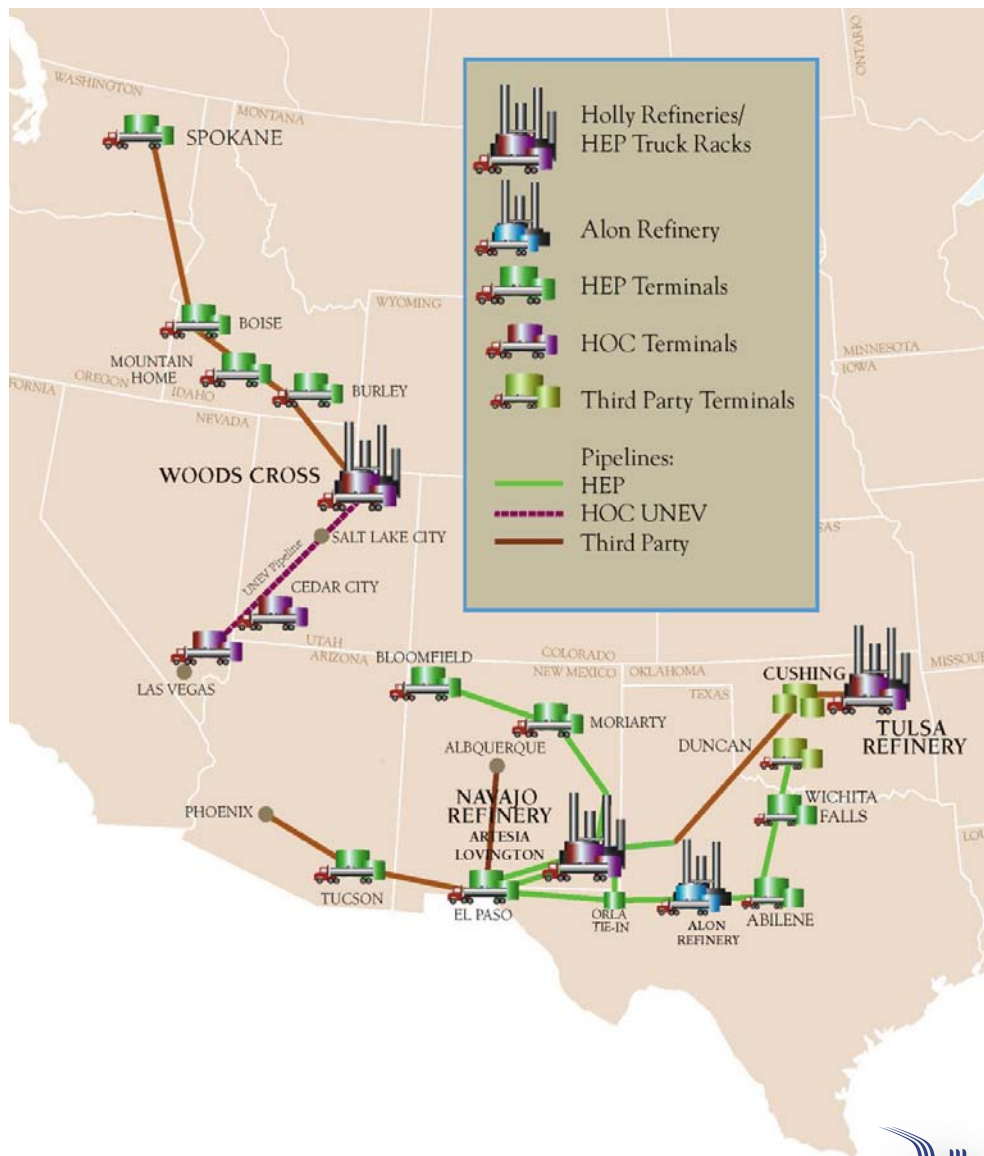
# HEP EBITDA Growth Since Inception



Note: Definition for non-GAAP measures such as EBITDA are located on page 33

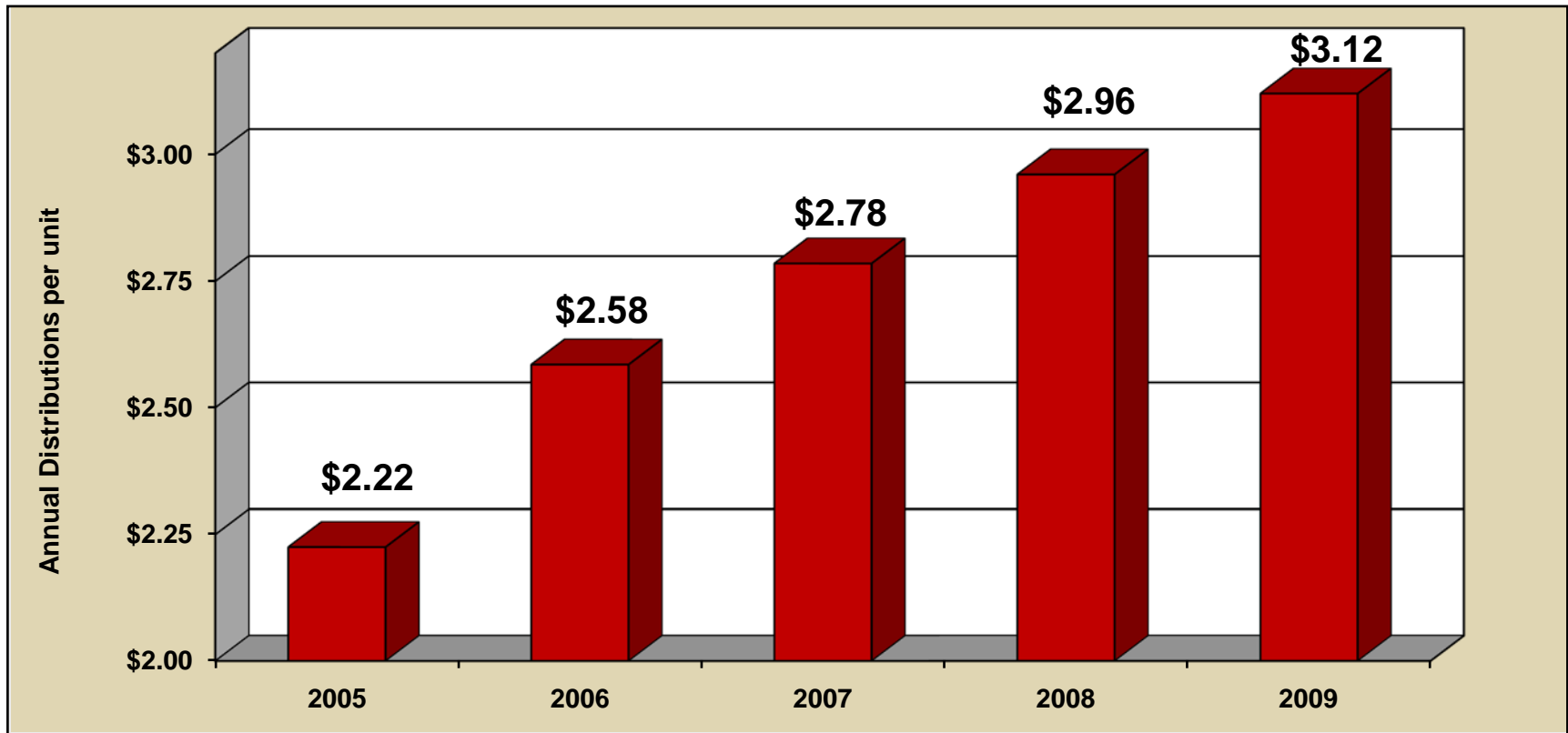
# HEP Assets: Current Footprint

- ✓ Over 1,500 miles of product pipelines
- ✓ Over 900 miles of crude gathering and trunk pipelines
- ✓ Approximately 5.4 million bbls of refined product storage
- ✓ Approximately 1 million bbls of crude oil storage
- ✓ 11 Terminals & 8 loading rack facilities in 7 Western and Mid-continent states
- ✓ 25% Joint Venture interest with Plains All American (NYSE: PAA) in SLC Pipeline, LLC—a crude oil pipeline moving crude into the Salt Lake City area



# HEP Distribution Growth

Current distribution (2Q - 2010) annual run rate: \$3.30<sup>1</sup>



<sup>1</sup> Aug 2010 quarterly rate of \$0.825/unit times 4 quarters equals \$3.30

# Presentation Topics

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- ✓ HEP History and Strong Track Record
- ✓ **Low Risk Profile**
- ✓ Growth Orientation
- ✓ Summary
- ✓ Appendix



# Low Risk Profile— Revenue Stability & No Commodity Risk

## Revenue Stability

- ✓ *Minimum quarterly commitments paid by major shippers even if shipments do not occur*
- ✓ *Long term (15-year) contracts in place with major customers*
- ✓ *Over 80% of total revenues tied to long term contracts and minimum commitments*

## No Commodity Risk

- ✓ *100% fee based revenue stream*
- ✓ *Owns no inventories—no inventory price risk*
- ✓ *No commodity ownership risk or hedging*

# Low Risk Profile—Revenue Stability

- ✓ *After 2009 PPI related tariff adjustments, the addition of Tulsa logistics assets, & Roadrunner Pipeline, approximately \$161.5 million of annual revenues derived from minimum commitments (approximately 80% of total revenues)*
- ✓ *Minimum commitments ensure that even in the event of turnarounds or outages at refineries served by HEP that HEP would still be paid at least the minimum commitment, subject to certain exceptions including force majeure*

| Counterparty                             | Minimum Annualized Commitments (in mm) <sup>1</sup> | Term                  | Type of Contract           |
|--|---|-----------------------|----------------------------|
| Holly – IPO Assets                       | \$43.7  | 2019                  | Minimum Revenue Commitment |
| Alon USA – Lease Agreement               | \$6.4   | Multiple <sup>2</sup> | Capacity Lease             |
| Alon USA – Products Pipelines            | \$22.7  | 2020                  | Minimum Volume Commitment  |
| Holly – Intermediate Pipelines           | \$20.7  | 2024                  | Minimum Revenue Commitment |
| Holly – Crude Pipeline and Tankage       | \$28.4  | 2023                  | Minimum Revenue Commitment |
| Holly – Tulsa Loading Facilities         | \$2.7   | 2024                  | Minimum Revenue Commitment |
| Roadrunner & Related Pipelines           | \$9.2   | 2024                  | Minimum Revenue Commitment |
| Sinclair Tulsa Refinery Logistics Assets | \$27.7  | 2024                  | Minimum Revenue Commitment |
|  | \$161.5   |                       |                            |

<sup>1</sup> As of March 31, 2010

<sup>2</sup> Three capacity lease agreements, the earliest of which expires Feb 2012

# Presentation Topics

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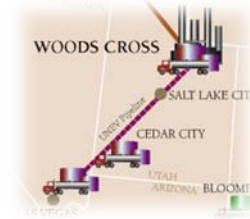
- ✓ HEP History and Strong Track Record
- ✓ Low Risk Profile
- ✓ **Growth Orientation**
- ✓ Summary
- ✓ Appendix



# Additional Growth Opportunity: Las Vegas Pipeline – 2010

## Description:

- 75% interest in 400 mile refined products pipeline from Salt Lake City to Las Vegas with terminals in Cedar City, UT and Las Vegas, NV
- Holly entity owns through construction phase
- HEP has option to purchase Holly's ownership interest
- Sinclair is 25% equity partner



## Benefits:

- Increased refined product supply to fast-growing market with consistent annual demand
- Lowers impact to refiners of seasonal demand reduction with wintertime months in local market
- New outlet for crude-cost-advantaged Rocky Mountain refiners

## Capacity:

- 62,000 bpd (expandable to 118,000 bpd)

## Capex:

- Approximately \$230mm (Holly's 75% share of \$290mm total project cost, plus carrying cost of 7% per annum)

## Estimated EBITDA:

- \$23mm (75% share; initial annual EBITDA estimate)

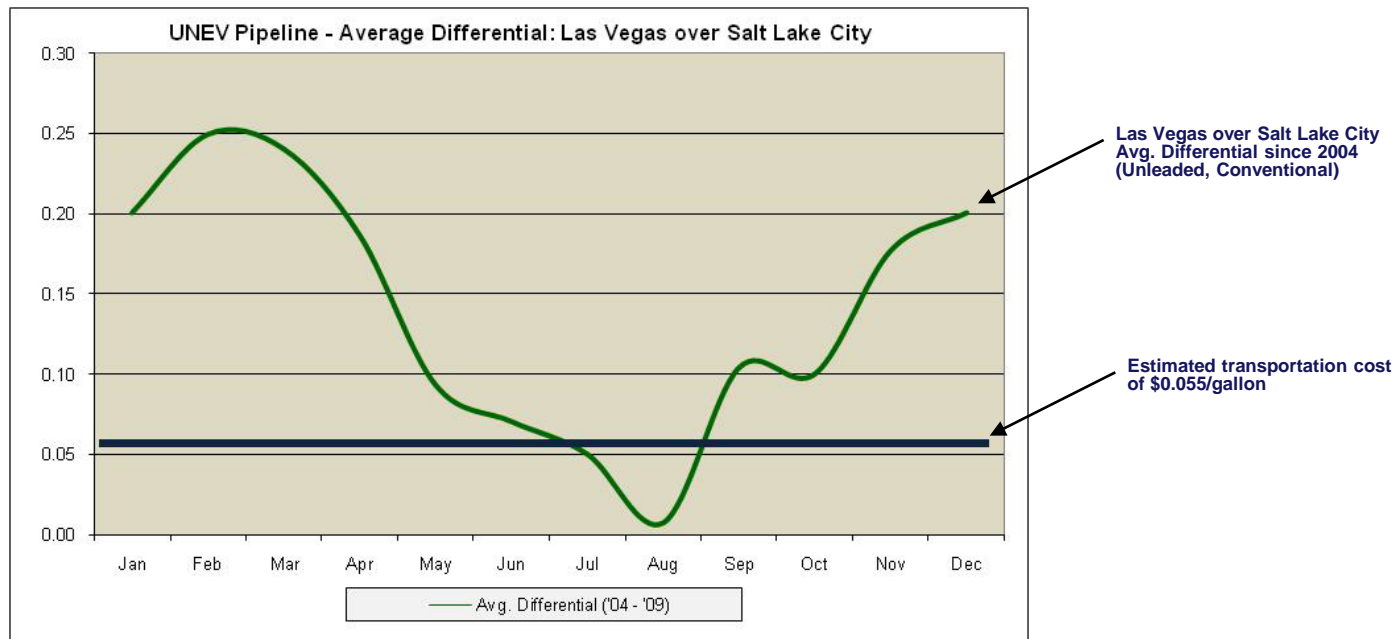
## Completion Date:

- Early 2011

## Funding

- During the construction phase, Holly will fund construction payments
- HEP has the option to purchase from Holly entity at construction cost plus a 7% carrying cost

# UNEV Pipeline Economics



- There is significant incentive for refiners to ship barrels to Las Vegas
- Las Vegas has on average, experienced a \$0.14/gal (\$5.88/bbl) positive differential for Gasoline (Unleaded, conventional) over Salt Lake City during Jan 2004 – Dec 2009
- Opening up the Las Vegas market for Salt Lake City refiners could provide incentive for SLC refiners to increase year around utilization and consider capacity expansion opportunities

# Presentation Topics

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- ✓ HEP History and Strong Track Record
- ✓ Low Risk Profile
- ✓ Growth Orientation
- ✓ **Summary**
- ✓ Appendix



# Key HEP Strengths & Highlights:

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- ✓ *100% fee based revenue business*
- ✓ *Long term contracts supporting revenue stream*
- ✓ *Proven track record of distribution increases*
- ✓ *No commodity ownership risk or hedging*
- ✓ *Well maintained assets serving high growth markets*
- ✓ *Senior management team averages over 25 years of industry experience*
- ✓ *Benefits from Holly's refining growth plan*



# Holly Energy Partners, L.P. (HEP)

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## Holly Energy Partners, L.P. (NYSE: HEP)

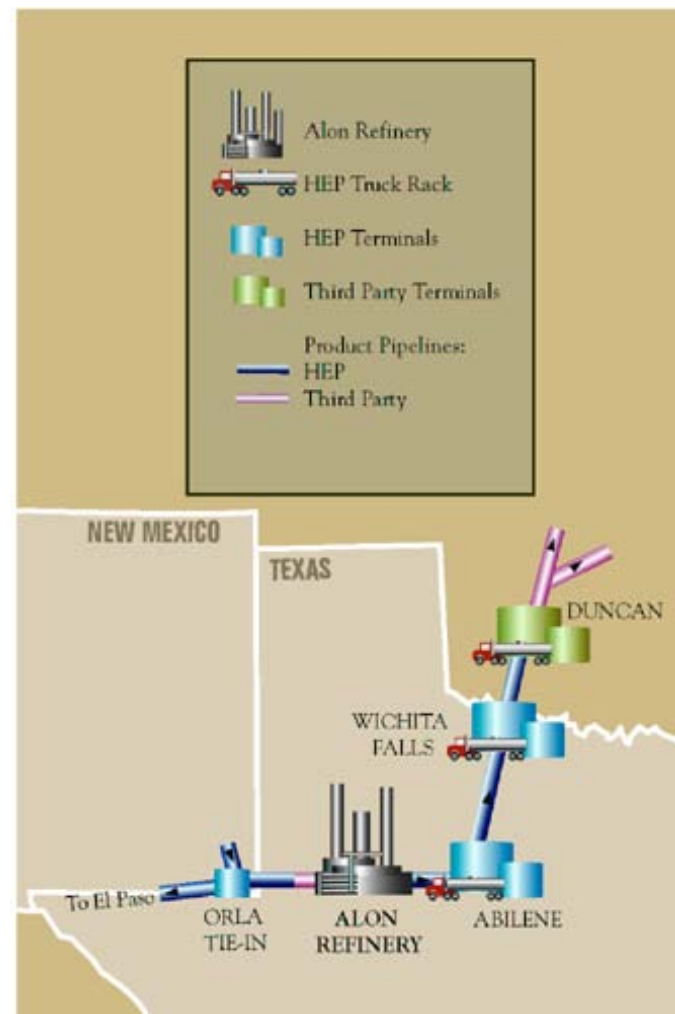
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(214) 871-3555*

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Neale Hickerson, Vice President-Investor Relations  
[Neale.hickerson@hollyenergy.com](mailto:Neale.hickerson@hollyenergy.com)*

# Appendix

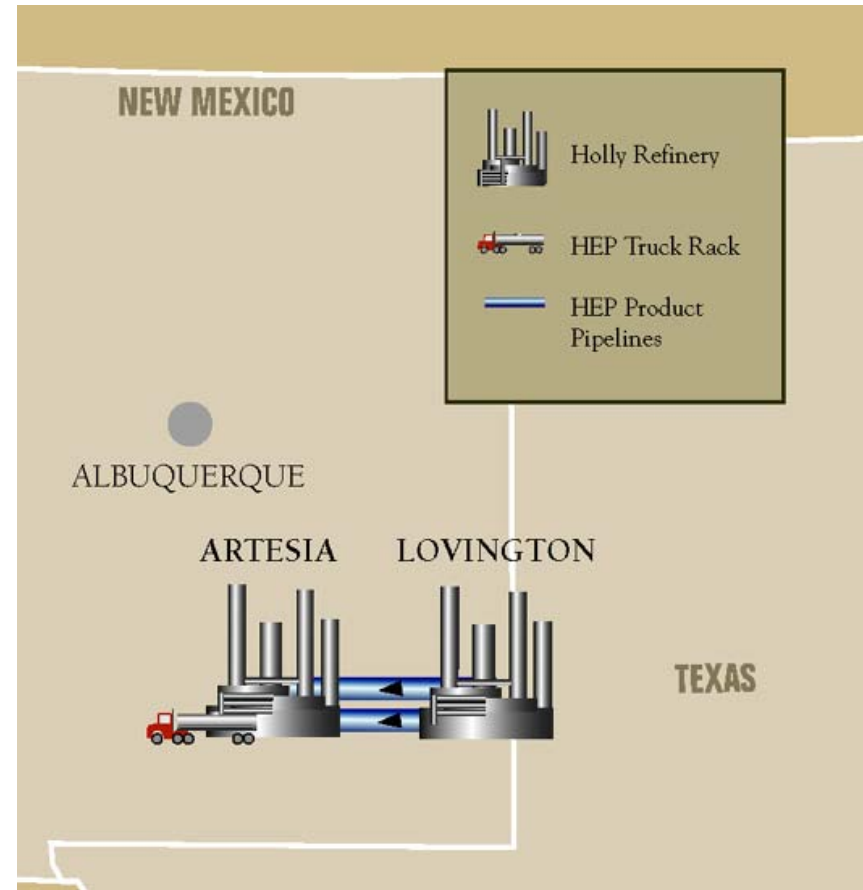
# Acquisition History: Alon USA Transaction, February 2005

- ✓ Alon USA pipeline & terminal acquisition : (February 2005)
  - 4 refined products pipelines aggregating 500 miles
  - 2 refined product terminals with 350,000 bbls of storage
  - Refined product tank farm facility
- ✓ Purchase price: \$120 million in cash & 937,500 subordinated HEP units
- ✓ Minimum commitment of \$21.7million
- ✓ 15-year pipeline & terminal agreement between Alon & HEP
  - Guaranteed minimum volume commitment by Alon
  - Annual increase in tariffs tied to PPI adjustment
- ✓ No commodity ownership risk – all fee based transportation & storage revenue



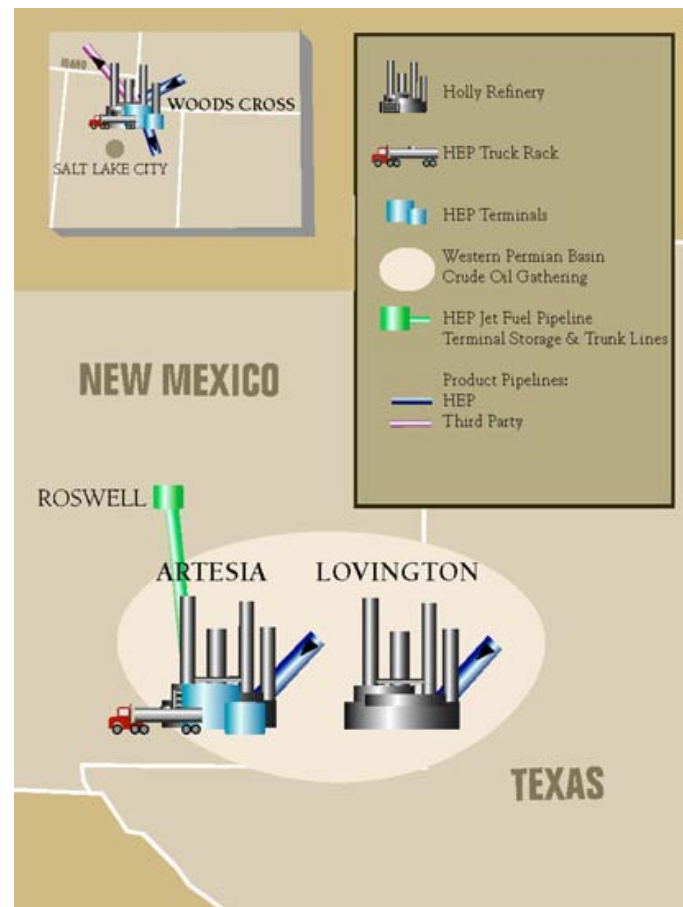
# Acquisition History: Holly Intermediate Pipelines, July 2005

- ✓ Holly intermediate feedstock / product pipelines : (July 2005)
  - Two 65-mile parallel pipelines which move intermediate feedstock from Holly's Lovington, NM facility to its Artesia, NM facility
  - 84,000 bpd of throughput capacity
- ✓ Purchase price: \$81.5 million
- ✓ Minimum revenue commitment of \$14.1 million
- ✓ 15-year intermediate pipeline agreement between Holly & HEP (reset in June 2009 to expire in June 2024)
  - Guaranteed minimum volume/revenue commitment by Holly entities
  - Increase in annual minimum revenue tied to PPI adjustment
- ✓ No commodity ownership risk – all fee based transportation & storage revenue



# Acquisition of Holly Crude Oil & Product Transportation Assets, March 2008

- ✓ In March 2008, HEP purchased from Holly:
  - Crude oil delivery system to Navajo Refinery (New Mexico)
  - Crude oil gathering system (Western Permian Basin)
  - Jet fuel transportation pipeline and terminal storage (Roswell, NM)
  - Crude oil delivery system to Woods Cross Refinery (Utah)
  - Refinery on-site crude oil storage (Navajo & Woods Cross refineries)
  - Refined product delivery pipeline (Woods Cross refinery)
- ✓ Purchase price - \$180 million
- ✓ Minimum revenue commitment of \$28.4 million
- ✓ No commodity ownership risk – all fee based transportation & storage revenue



# Overview of SLC Pipeline, LLC Joint Venture – March 2009

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## **Description:**

- 95-mile intrastate pipeline constructed by Plains All American Pipeline
- Replaces previous HEP Porcupine Ridge Pipeline project

## **Location:**

- Transports crude from Wyoming and Utah and the Utah Terminus of the Frontier Pipeline into the Salt Lake City area

## **Capacity:**

- 120,000 barrels per day (initial light crude capacity)
- Significantly increases capacity to deliver heavy Canadian crude into SLC
- Provides excess crude delivery capacity for future SLC refinery expansions

## **Investment:**

- HEP owns a 25% JV interest
- Investment of \$28 million made in first quarter of 2009<sup>1</sup>

<sup>1</sup>Includes payment of \$25.5mm to Plains and \$2.5mm to Holly

# South System Pipeline Expansion – March 2009

## Description:

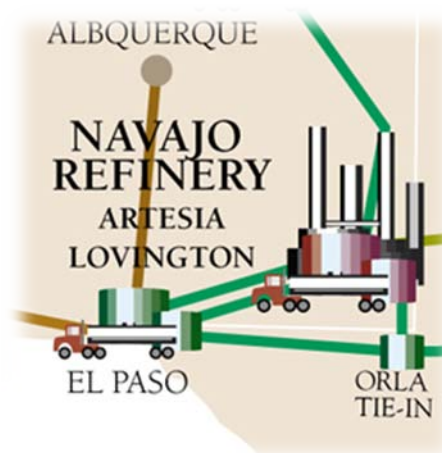
- Expanded capacity of pipeline from Artesia, NM to El Paso, TX to transport increased volumes from Navajo due to refinery expansion from 85,000 bpd to 100,000 bpd
- Provides additional refinery feedstock transport capability (*up to 10,000 bpd*)
- 85 mile, new 12” pipe from Artesia to El Paso
- Additional storage at El Paso (150,000 bbls)

## Capex:

- Approximately \$52 million

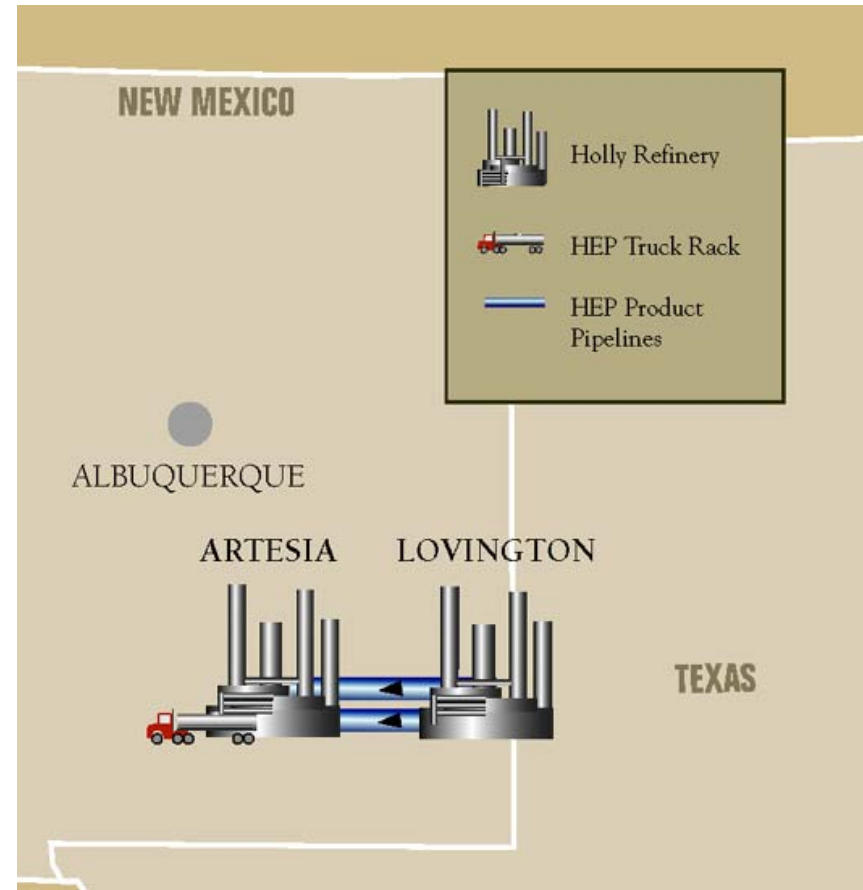
## Annual Revenues:

- \$10 million from increased tariffs & volumes



# Acquisition History: Holly Intermediate Pipeline, June 2009

- ✓ Newly constructed 16" Holly intermediate pipeline: (June 2009)
- ✓ Purchase price: \$34.2 million, plus \$7.9 million for additional pipeline infrastructure improvements
- ✓ Minimum revenue commitment of \$6.6 million
- ✓ 15-year intermediate pipeline agreement between Holly & HEP
  - Guaranteed minimum volume/revenue commitment by Holly entities
  - Increase in annual minimum revenue tied to PPI adjustment
- ✓ No commodity ownership risk – all fee based transportation & storage revenue



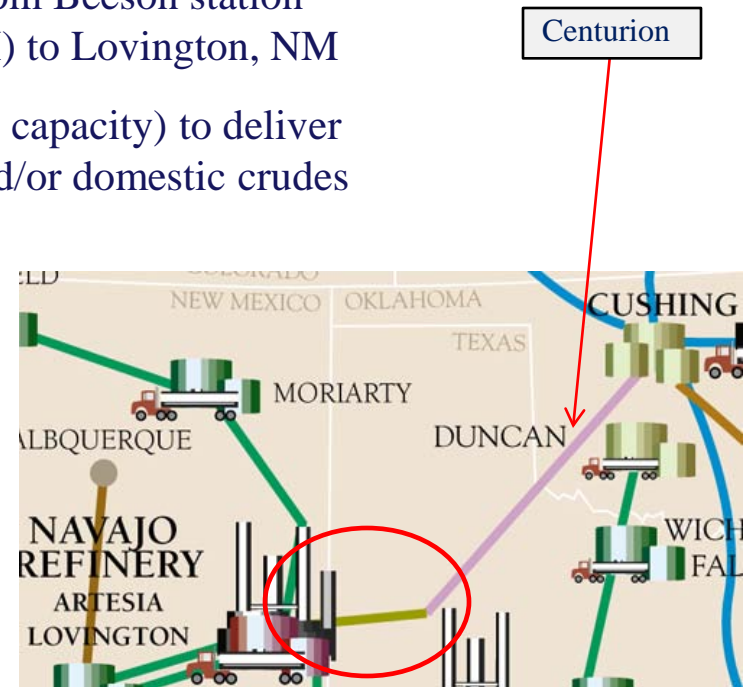
# August 2009: Tulsa Loading Facilities

- ✓ HEP purchased from Holly:
  - Truck and rail loading / unloading facilities located at Holly's Tulsa Refinery
  - Facilities load products produced at the Tulsa Refinery onto rail cars and / or tanker trucks for delivery to surrounding markets
- ✓ Purchase Price - \$17.5 million
- ✓ Minimum revenue commitment of \$2.7 million
- ✓ 15 Year equipment and throughput agreement
- ✓ No commodity ownership risk – all fee based transportation & storage revenue



# December 2009: Rio Grande P/L Sale – Roadrunner & Beeson P/L Acquisition

- Description:** Roadrunner P/L: 65-mile 16” pipeline  
Beeson P/L: 37-mile 8” pipeline
- Location:** Roadrunner P/L: Transports crude from the terminus of the Centurion Pipeline in the West Texas to Holly Corporation’s refinery complexes in New Mexico  
Beeson P/L: Transports crude oil from Beeson station (between Artesia & Lovington, NM) to Lovington, NM
- Capacity:** 40,000 barrels per day (heavy crude capacity) to deliver heavy Canadian & other foreign and/or domestic crudes to Holly facilities
- Investment:** \$46.5 million
- Revenues:** Minimum revenues from Holly guaranteed at initial \$9.2mm

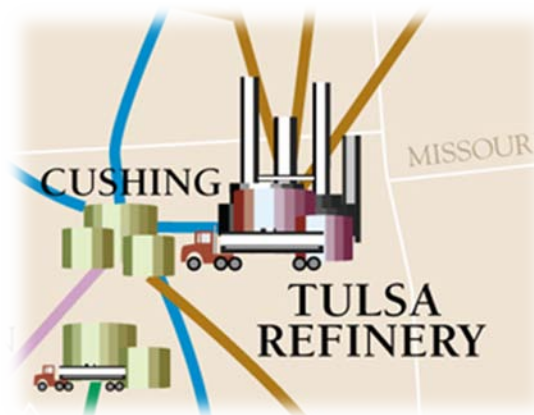


\* Rio Grande P/L Sale: Non-strategic asset to HEP

## December 2009: Sinclair Tulsa, OK Refining Logistics Acquisitions

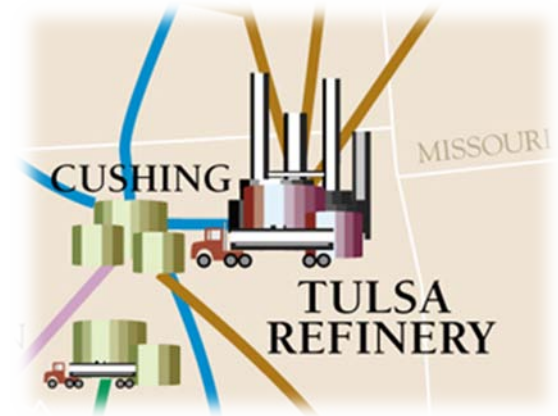
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- Description:** Approximately 1.4mm bbls of refined product storage, light product, asphalt & propane loading racks
- Investment:** \$75mm: Comprised of \$21.5mm in cash & \$53.5mm in HEP common units
- Revenues:** Minimum revenues from Holly guaranteed at initial \$13.7mm, with annual PPI adjuster. Revenues secured with 15-year contact.
- Closing:** Completed in December 2009.



# March 2010: Acquisition History: Tulsa Storage and Loading Facilities

- ✓ HEP purchased from Holly:
  - 2 million barrels of storage capacity and certain rail loading rack facilities at Holly's Tulsa East Refinery (legacy Sinclair) as well as an asphalt truck loading rack at Holly's Lovington, New Mexico facility.
  - Facilities load products produced at the Tulsa Refinery onto rail cars and / or tanker trucks for delivery to surrounding markets
- ✓ Purchase Price - \$93 million
- ✓ Minimum revenue commitment of \$13.9 million
- ✓ 15 Year equipment and throughput agreement
- ✓ No commodity ownership risk – all fee based transportation & storage revenue



\* This is in addition to the 1.4 million barrels of storage capacity as well as loading racks and pipeline receiving and delivery facilities which it acquired directly from Sinclair on December 1, 2009. HEP owns substantially all of the in-service storage and logistic assets at the site previously owned by Sinclair.

# Minimum Commitments Overview—Deferred Revenue Classification

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- Applies to initial IPO assets, the Alon logistics assets, & the Holly intermediate pipeline assets
- Contracts with major customers have provisions requiring minimum annual commitment to be paid quarterly
- Minimum payments in excess of actual revenues produced from pipeline volume flows are recorded as deferred revenue on HEP's balance sheet
- Minimum payments are included in distributable cash calculations for the period received but not recognized in revenue
- Shippers have four calendar quarters to utilize deferred revenues paid to HEP as credit for shipments made above minimum required levels
- After four quarters, any remaining deferred revenue amount is then forfeited by the shipper and recognized by HEP as revenue in the current period—although no cash is received at this time (it was received four quarters prior to this accounting period)

# Liquidity

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- ✓ ***\$300mm Credit facility through August, 2011***
  - ✓ ***May increase \$70mm upon bank approval & certain conditions being met***
  - ✓ ***Libor borrowing margin based upon Debt/EBITDA which ranges from 100bp to 250bp (applicable margin was 175bp as of 6/30/10)***
  - ✓ ***\$50mm sub-limit for LCs***
  - ✓ ***\$20mm sub-limit for interim funding of distributions***
  
- ✓ ***\$145 mm undrawn availability at 6/30/10 (\$155mm borrowings outstanding with no LCs issued)***

# Debt Outstanding – 6/30/2010

| Amount (\$mm) | All-In Rate  | Comments  |
|---------------|--|---|
| 185           | 6.25%  | Senior notes due 2015   |
| 150           | 8.25%  | Senior notes due 2018   |
| 155           | 3.74% + applicable Libor borrowing margin <sup>1</sup> | Credit facility borrowings swapped to fixed in Feb 2008 for 5-yr term |
| 0             | Variable <sup>1</sup>                                  | Credit facility borrowings  |
| 490           |  |   |

<sup>1</sup> Libor borrowing margin based on Debt/EBITDA which was 175 bp as of 6/30/10.

# Holly Energy Partners, L.P. (HEP)

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BPD: Barrels per day

EBITDA: Earnings before interest, taxes, depreciation and amortization which is calculated as net income plus (i) interest expense net of interest income and (ii) depreciation and amortization. EBITDA is not a calculation based upon U.S. generally accepted accounting principles (“U.S. GAAP”). However, the amounts included in the EBITDA calculation are derived from amounts included in our consolidated financial statements. EBITDA should not be considered as an alternative to net income or operating income, as an indication of our operating performance or as an alternative to operating cash flow as a measure of liquidity. EBITDA is not necessarily comparable to similarly titled measures of other companies. EBITDA is presented here because it is a widely used financial indicator used by investors and analysts to measure performance. EBITDA is also used by our management for internal analysis and as a basis for compliance with financial covenants. Our historical EBITDA is reconciled to net income in footnote 3 to the table in “Item 6. Selected Financial Data” of HEP’s 200810-K.

STEADY STATE EBITDA: EBITDA as defined above calculated on the basis of our projection of normal pipeline and terminal volumes from our customers, applicable tariffs and fees, and normal expense levels, and assuming no material unplanned shutdowns or unavailable capacity.

