

HOLLY ENERGY PARTNERS

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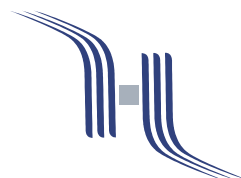
Key Investment Highlights

**Conservative Financial
Policy Plus Financial
Flexibility**

**Efficient and Well-
Maintained Assets**

Experienced Management

**Attractive, High
Growth Markets**



HOLLY ENERGY PARTNERS

**Visible Growth
Opportunities**

Stable Cash Flows

**Strategic Relationship with
Holly Corp**



HEP Assets *(includes recently acquired Alon USA assets)*



- **Over 1,500 miles of product pipelines**
- **11 Terminals in 5 states**
(3 of the terminals are 50% owned)
- **70% interest in Rio Grande Pipeline Company, (a joint venture with BP)**



HEP's Acquisition of Alon USA Pipelines & Terminals

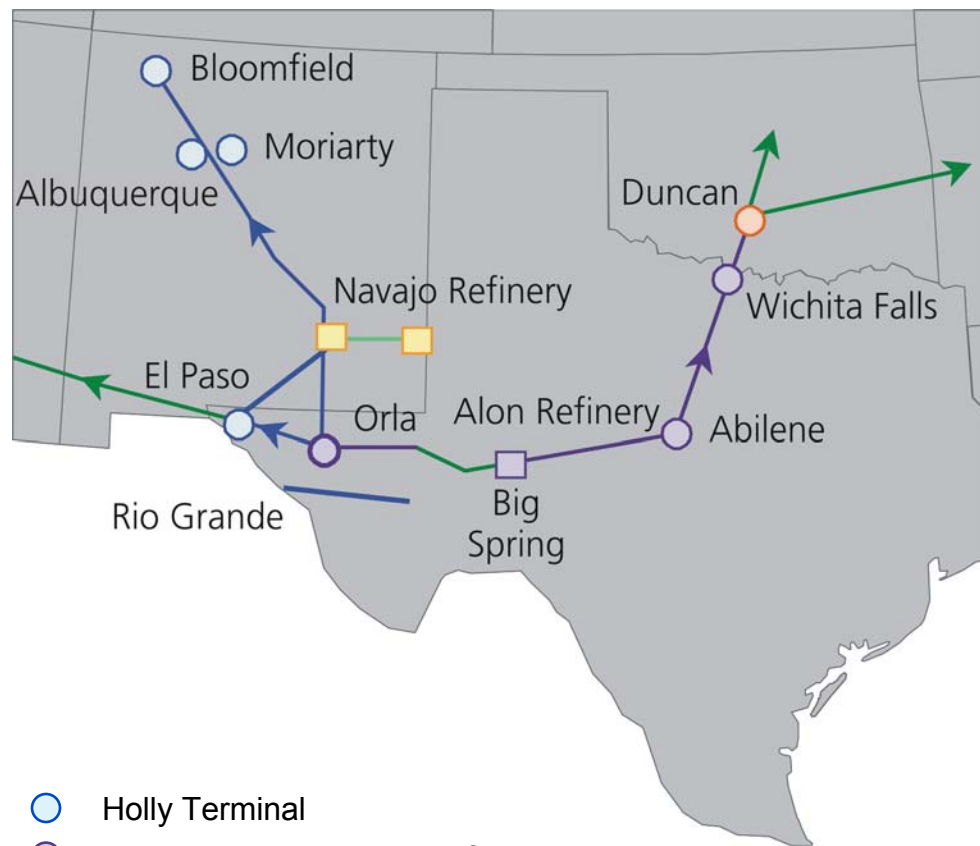
- ◆ HEP entered into an agreement to acquire:
 - Four refined products pipelines
 - Two refined products terminals
 - A refined product tank farm facility

- ◆ These pipelines and terminals transport approximately 70% of the light refined products produced at Alon's 65,000 bpd capacity refinery in Big Spring, Texas

- ◆ Alon enters into a 15 year pipelines and terminals agreement with HEP
 - Alon will agree to transport and terminal a minimum volume (Minimum Volume Commitment) in these acquired assets such that minimum revenues to HEP will equal \$20.2 million in the first year
 - This commitment was calculated based on 90% of Alon's recent usage of the pipelines and terminals and includes 5,000 bpd upgrade at Big Spring Refinery



Alon USA Pipelines and Terminals-Assets Being Acquired



- ◆ Four refined products pipelines
- ◆ Over 500 miles of refined product pipeline
- ◆ 2 refined products terminals located in Abilene & Wichita Falls, TX
- ◆ A refined product tank farm located at Orla, TX
- ◆ Assets distribute approximately 70% of Alon's light refined products

- Holly Terminal
- Terminals to be Acquired from Alon
- Alon USA Terminal
- Holly Corp Refinery/HEP Truck Rack
- Third Party Refinery
- HEP Pipeline
- Third Party Pipeline
- Pipelines from Alon acquisition



High Quality Assets

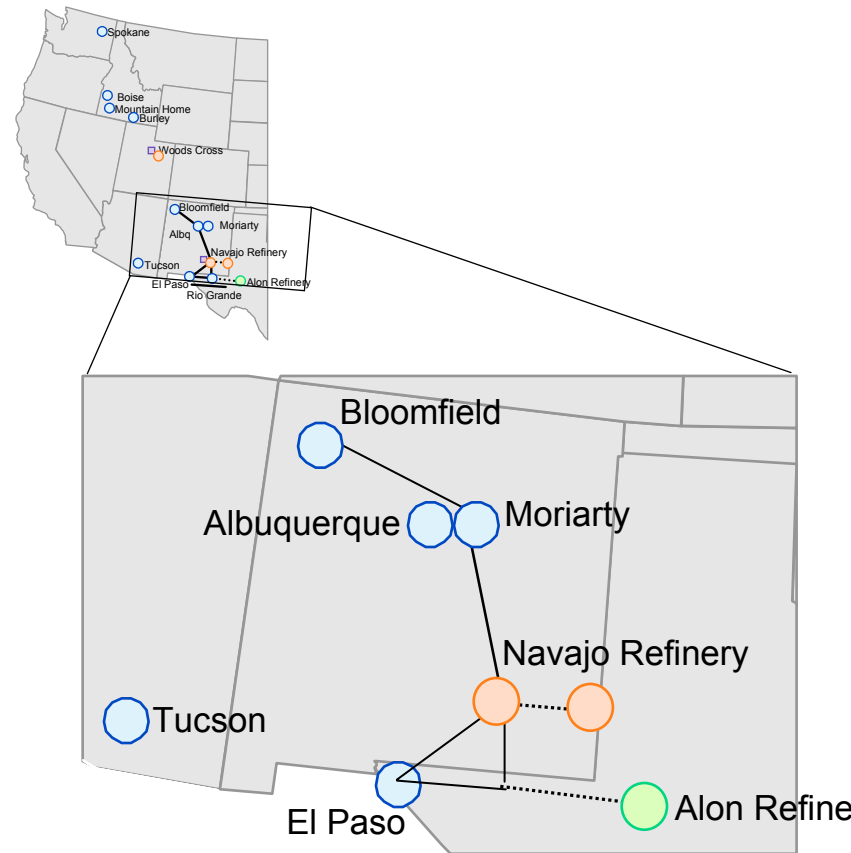
HEP Assets:

- ◆ 67% of pipeline miles constructed since 1981 on Holly contributed pipelines
- ◆ All of the major segments have been internally inspected and hydrostatically tested and are DOT compliant
- ◆ Commenced inline inspections programs in 1988
- ◆ Risk analysis completed on operational & mechanical integrity-URS-PPI
- ◆ In compliance with API 653 tank inspections
- ◆ All acquired Alon assets to be inspected in 2005 (that haven't already been inspected)
- ◆ Alon is required to repair or indemnify HEP for any mechanical defects in certain pipelines that are discovered within one year after closing



Existing Products Pipelines

- ◆ 440 miles of owned pipeline and 340 miles of leased pipeline
- ◆ System delivers product to important New Mexico and Arizona markets
- ◆ 99% of Navajo refined products transported by HEP's pipelines
- ◆ Artesia to El Paso P/L System
 - 2 HEP owned P/Ls transporting product from Artesia, NM to El Paso, TX
 - Alon Leases – Long-term leases from Orla, TX to El Paso, TX expiring from 2008-2012
- ◆ North Products P/L—MAPCO
 - P/L transporting product from Artesia, NM to Moriarty/Bloomfield, NM
- ◆ Rio Grande P/L
 - Joint Venture 70% owned by HEP, 30% BP-Amoco
 - Transports LPGs from West Texas to Mexico



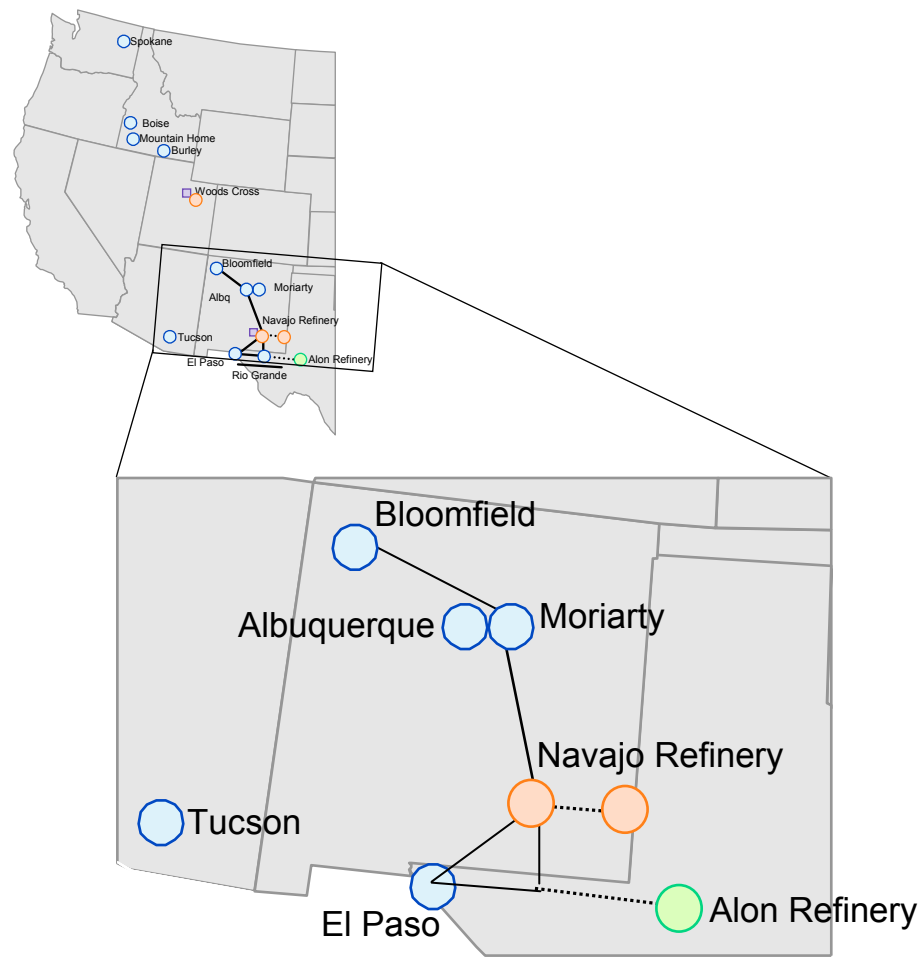
Rio Grande Pipeline

- ◆ Joint venture that owns 249 miles of pipeline
- ◆ Delivers LPGs to northern Mexico markets
- ◆ Increased to a controlling interest of 70% in 2003
- ◆ Completed reconditioning in 2003 to facilitate expansion
- ◆ Long-term contract with BP as shipper
 - BP owns the remaining 30% of the partnership
 - BP guarantees a minimum average of 16,500 bpd for the duration of the agreement (through 2007)



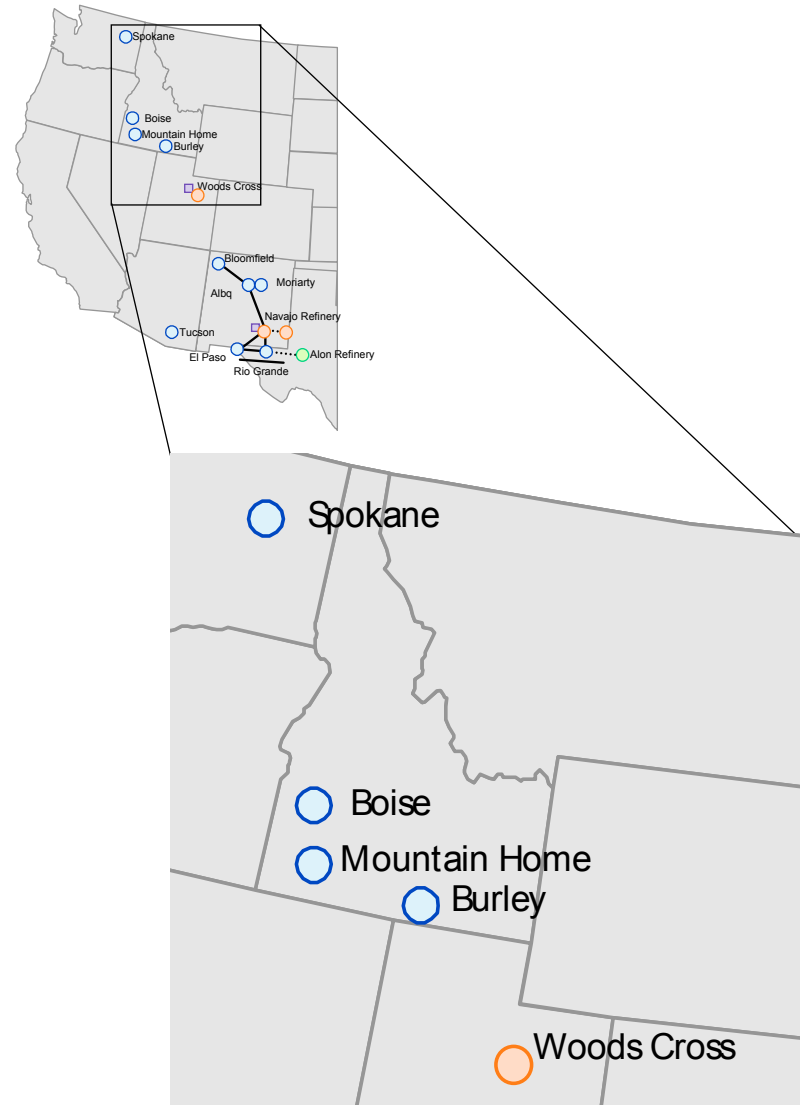
Southwest Terminals

- ◆ 5 terminals with aggregate storage capacity of 1,129,000 bbls
- ◆ Terminals integral to HEP's pipeline system
- ◆ Terminals also linked to multiple common carriers
- ◆ Recent construction at Moriarty and Bloomfield terminals allows increased volume and additional products to be shipped to New Mexico markets



Northwest Terminals

- ◆ 4 terminals with aggregate storage capacity of 634,000 bbls
- ◆ Serve Holly Corp's Woods Cross Refinery and other third party shippers
- ◆ Linked by third party pipelines
- ◆ 3 terminals acquired in 2003 as part of Holly Corp's growth initiative
- ◆ Mountain Home is the only terminal that supplies Mountain Home Air Force base



Stable Cash Flows

- ◆ 94% of HEP's revenues comes from long-term contracts
- ◆ 15-year agreement with Holly Corp & Alon USA (*on newly acquired Alon assets*)
- ◆ Minimum revenue commitment of \$35.4 million from Holly Corp
- ◆ Alon USA has leased 20,000 bpd of capacity in the "8-12-8" pipeline from Orla to El Paso, Texas from HEP under three separate long-term leases (*on pre-existing pipeline lease*)
- ◆ BP contract at Rio Grande pipeline requiring BP to ship a minimum average of 16,500 bpd



Stable Cash Flows

◆ **Approximately \$71 million of HEP revenue is subject to long-term contracts:**

Counterparty	Type of contract	Revenue (\$ millions)
Holly Corp	Minimum Revenue Commitment	35.4
Alon USA	Capacity Commitment (20,000 bpd)	6.6
BP	Capacity Commitment (16,500 bpd)	8.6
Alon USA	Expected Minimum Volume Commitment	20.2
TOTAL		70.8



Serving Above Average Population Growth Markets

Arizona and Texas

- ◆ El Paso is gateway to finished products markets in Tucson and Phoenix
- ◆ Substantial increase in product volumes shipped to El Paso since 1995
- ◆ West Coast unlikely to produce excess products due to MTBE ban
- ◆ Alon assets increase HEP's footprint in north-central and West Texas

Northern New Mexico

- ◆ Strong growth in Northern New Mexico market / Albuquerque-Santa Fe markets
- ◆ Bloomfield/'4-Corners' terminal provides access to Colorado and Utah markets

Northern Mexico

- ◆ Solid growth in Northern Mexico market
- ◆ Limited infrastructure in Mexico for Pemex to supply Northern sections



Strategic Relationship with Holly Corporation

- ◆ HOC is an independent petroleum refiner and marketer that produces high value light products (gasoline, diesel fuel and jet fuel)
- ◆ Operations are focused on niche refining, transportation and marketing with assets located in high value markets in the Southwest and Rocky Mountains
- ◆ Over \$2 billion in annual revenues
- ◆ Currently owns 48% of HEP, 2% GP Interest and 46% LP Interest in the form of 7 million Subordinated Units



Strategic Relationship with Holly Corp

- ◆ HEP's assets integral to Holly Corp's refineries, and HEP is a key part of Holly Corp's growth strategy going forward
- ◆ HEP is a consolidated subsidiary of Holly Corp
- ◆ 5-year subordination period on 7.0 million units with no early conversion
- ◆ 15-year Minimum Revenue Commitment
 - At least \$35.4 million of revenue in the first year, adjusted annually at a rate equal to the percentage change in the PPI
 - Minimum revenue commitment applies to the assets initially acquired from Holly
 - Holly Corp's obligations may be reduced or cancelled in certain circumstances
 - The agreement will not terminate if Holly Corp disposes of the GP



Experienced Management Team

- ◆ *15 years operating Holly Corporation's pipeline assets*
- ◆ *Average 20 years of industry experience*
- ◆ *Completed several internal expansions and acquisitions in recent years*
- ◆ *Three independent directors constitute audit, conflicts, and compensation committees*



HEP's Visible Growth Strategies

◆ **Future organic growth**

- *All contractual revenues increase at PPI*
- *Further expansion of refinery capacity*
- *Holly Corp's entrance into new markets*
- *New pipeline extensions north into Colorado/Utah region*

◆ **Growth through acquisitions based on strategic relationship with Holly**

- *HEP has a three-year option to purchase two intermediate product pipelines from Holly Corp*
- *Right to purchase logistics assets (valued at greater than \$5 million) that are part of a Holly acquisition*
- *Holly Corp has financial flexibility to pursue growth acquisitions*

◆ **Acquisitions of unrelated pipeline and terminal assets in high growth areas**



Key Investment Highlights

- **Well maintained assets serving high growth markets**
- **Stable base of revenue with long-term fee based commitments**
- **No commodity risk / stable operations**
 - Won't take any*
 - Stable operating cost structure*
- **Disciplined growth strategy**
- **Conservative financial structure**
 - Growth with mix of debt & equity*



Question period from audience

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