

**HOLLY ENERGY PARTNERS**



*Partnership Update / Capital Development &  
Growth Plans*

*Fall 2009*



# 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. 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 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*
- ✓ *Distribution increased every quarter since IPO (19 consecutive 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**
- ✓ Strong Track Record
- ✓ Low Risk Profile
- ✓ Focused Growth Orientation
- ✓ Summary
- ✓ Appendix

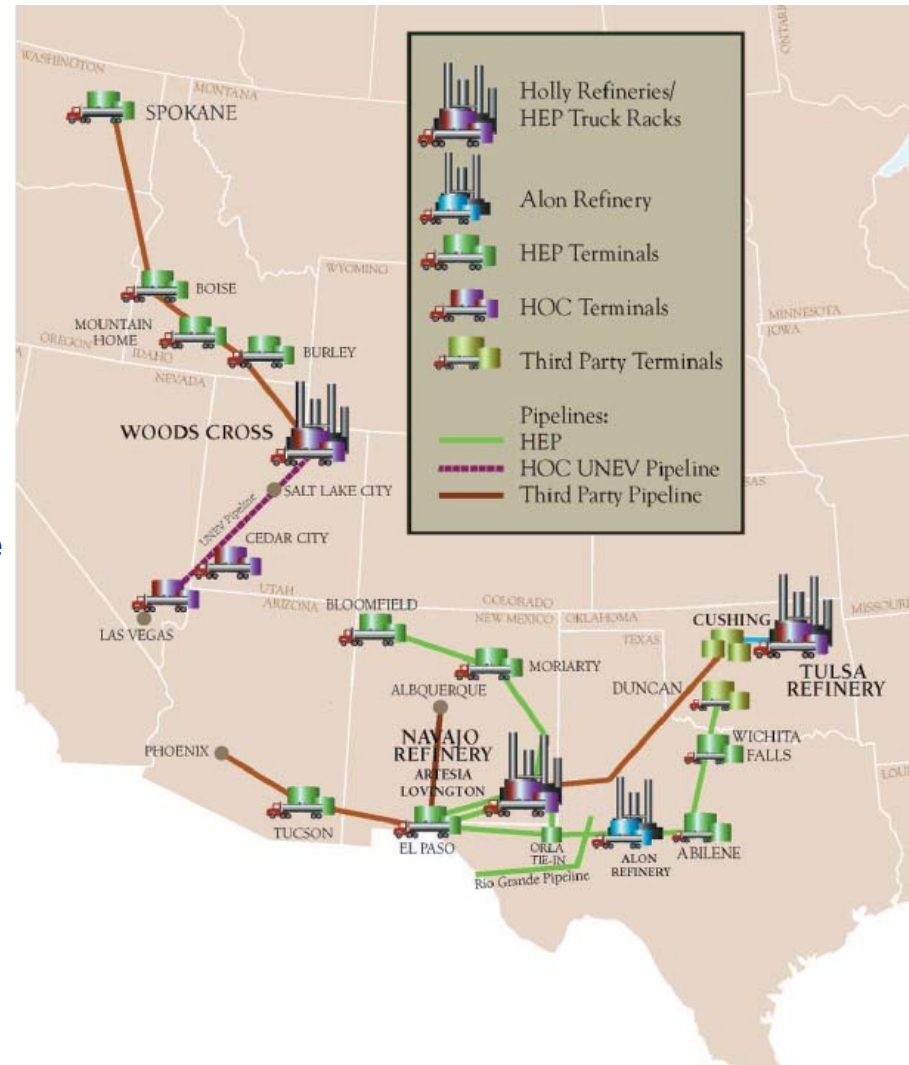
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# HEP Assets: Current Footprint

- ✓ Over 1,700 miles of product pipelines
- ✓ Over 800 miles of crude gathering and trunk pipelines
  - Approximately 1 million bbls of crude oil storage
- ✓ 11 Terminals & 3 loading rack facilities in 7 Western and Mid-continent states
  - Approximately 2 million bbls of refined product storage
- ✓ 70% Joint Venture interest in Rio Grande Pipeline Co—a product line moving LPG's from West Texas into Mexico
- ✓ 25% Joint Venture interest SLC Pipeline, LLC—a crude oil pipeline moving crude into the Salt Lake City area

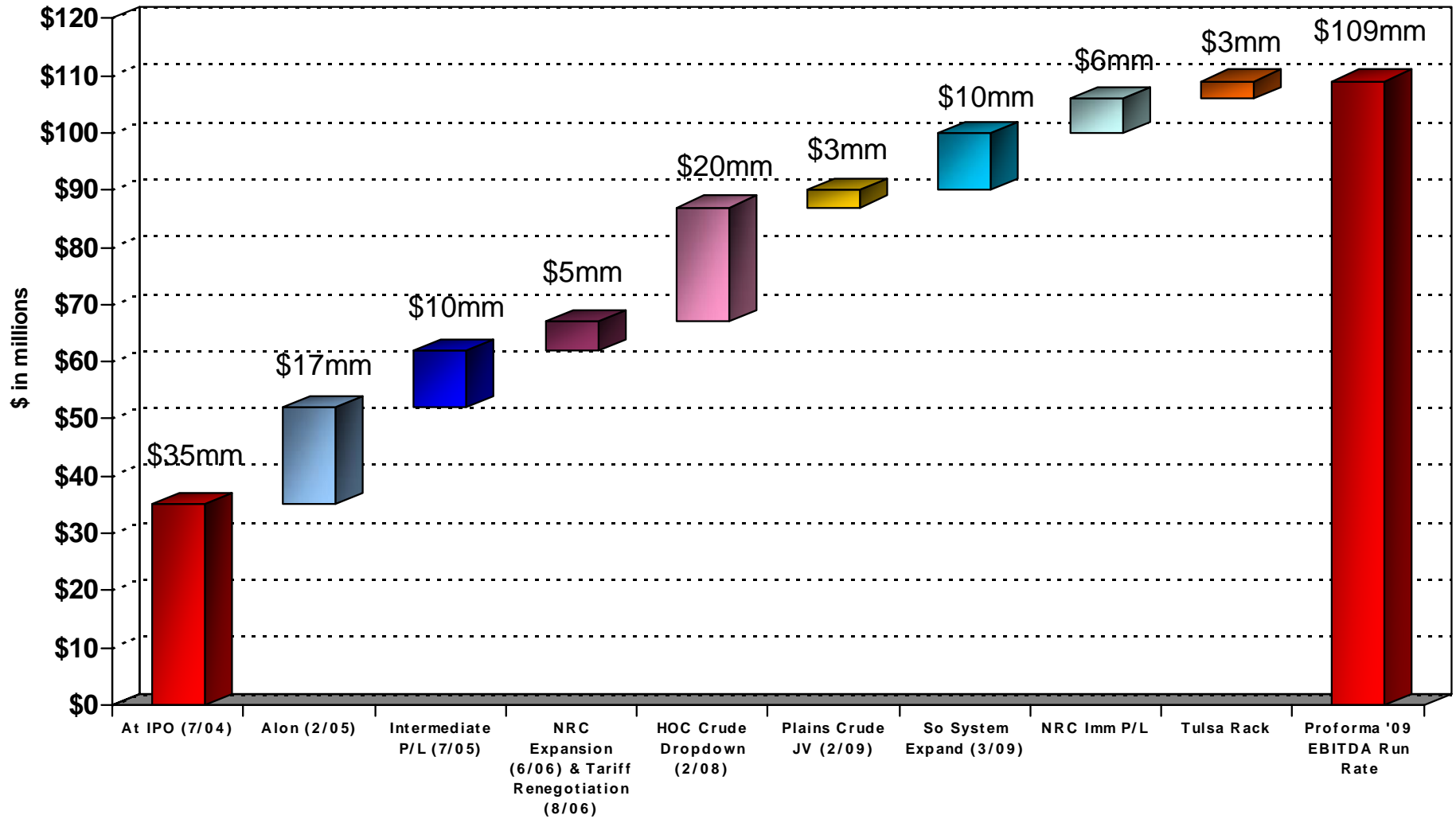


## HEP: Formation & Acquisition History

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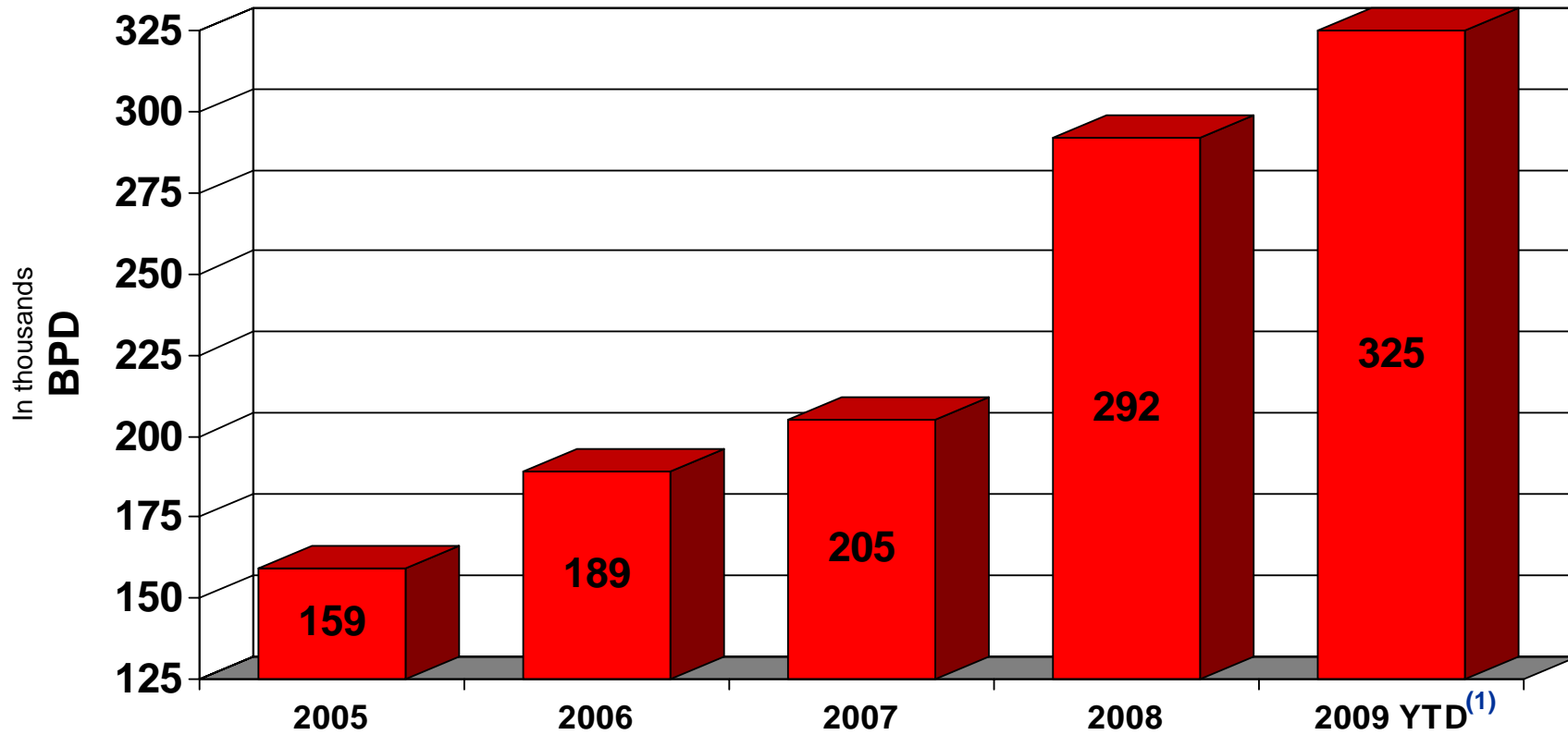
<b>July 2004:</b>	<b>Formed as a Master Limited Partnership with an Initial Public Offering sponsored by Holly Corporation</b>
<b>February 2005:</b>	<b>Acquired pipeline &amp; terminal assets from Alon USA</b>
<b>July 2005:</b>	<b>Acquired intermediate feedstock pipelines from Holly Corporation entities</b>
<b>March 2008:</b>	<b>Acquired crude oil gathering &amp; trunk pipelines, crude oil storage assets, &amp; several other logistics assets from Holly Corporation entities</b>
<b>March 2009:</b>	<b>Acquired 25% JV interest in SLC Pipeline, LLC, a crude oil transportation pipeline to deliver crude into Salt Lake area (with Plains, (NYSE:PAA), as 75% JV partner)</b>
<b>June 2009:</b>	<b>Acquired 16" Intermediate Pipeline from Holly Corporation providing additional pipeline capacity from Lovington, NM to Artesia, NM refinery facilities</b>
<b>August 2009:</b>	<b>Acquired Loading Rack Facilities at Holly's Tulsa Refinery.</b>

# HEP Steady State EBITDA Growth Since IPO



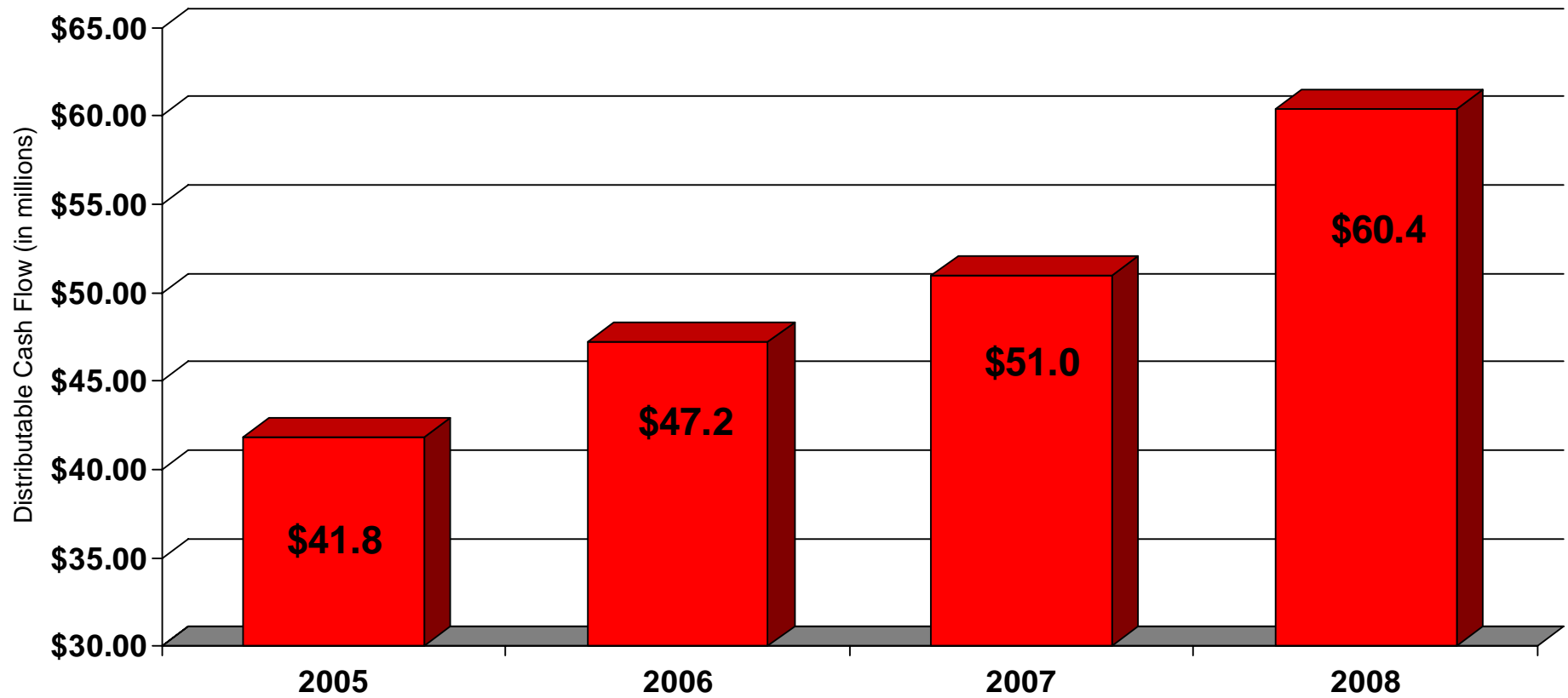
# Pipeline Volume Growth

✓ Year over Year Pipeline Volume Growth (BPD)

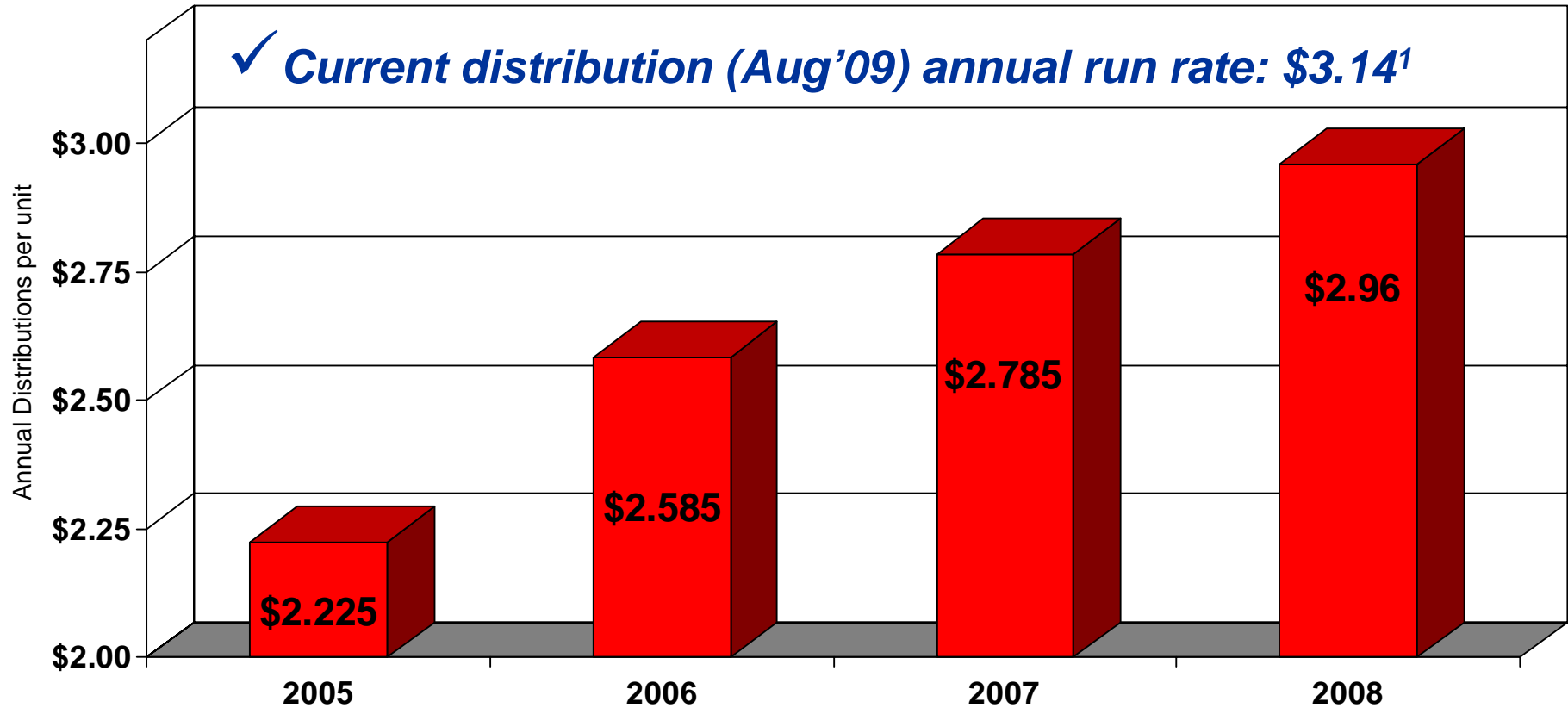


# Distributable Cash Flow Growth

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# Distribution Growth



*Distribution has been increased every quarter since IPO  
--19 consecutive distribution increases*

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# Low Risk Profile— Revenue Stability & No Commodity Risk

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## 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*
- ✓ *Significant percentage 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

- ✓ *In 2007, over \$79 million of revenues was derived from minimum commitments under long-term contracts (approximately 75% of total revenues)*
- ✓ *After 2009 PPI related tariff adjustments, approximately \$121 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	\$6.8	Multiple <sup>2</sup>	Capacity Lease
Alon USA – Products Pipelines	\$21.7	2020	Minimum Volume Commitment
Holly – Intermediate Pipelines	\$20.7	2024	Minimum Revenue Commitment
Holly – Crude Pipeline and Tankage	<u>\$28.4</u>	2023	Minimum Revenue Commitment
	\$121.3		



<sup>1</sup> As of June 30, 2009, plus July 1, 2009 PPI Adjustments

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

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# HEP Capital Projects

Project	Completed Projects in 2009			Additional HEP Opportunities	
	Plains JV	South System Expansion	Intermediate P/L Facilities	Crude Delivery & Crude Trunk Lines <sup>3</sup>	UNEV P/L
Description	<ul style="list-style-type: none"> <li>25% Interest – investment \$28 million</li> <li>Brings needed relief to heavy crude capacity constraints for SLC refiners</li> </ul>	<ul style="list-style-type: none"> <li>Expand pipeline from Artesia, NM to El Paso, TX to transport additional volumes from Navajo refinery expansion and third party contract to transport iso – butane</li> <li>Brings increased volumes to HEP existing assets</li> </ul>	<ul style="list-style-type: none"> <li>65 mile 16” pipeline from Lovington, NM to Artesia, NM</li> <li>Pump station additions &amp; improvement</li> </ul>	<ul style="list-style-type: none"> <li>70 miles 16” pipeline from Slaughter, TX to Lovington, NM</li> <li>37 miles 8” pipeline from Beeson, NM to Lovington, NM</li> </ul>	<ul style="list-style-type: none"> <li>400 mile 12” pipeline; terminals in Las Vegas &amp; Cedar City, UT</li> <li>New source of refined products for Las Vegas</li> <li>Existing product supply to Las Vegas operating near capacity</li> </ul>
Project Sponsor	Plains / HEP	HEP	HOC	HOC	HOC
Actual / Estimated Capex	\$28mm <sup>1</sup>	\$48mm	\$42mm	\$65mm	\$240mm <sup>2</sup>
Estimated EBITDA	\$3.5mm	\$10mm	\$6 mm	TBD	\$23mm <sup>2</sup>
Actual/Expected Completion Date	Q1 2009	Q1 2009	Q2 2009	Q4 2009	2010

<sup>1</sup> Includes Payment of \$2.5mm to HOC.

<sup>2</sup> Represents HOC's 75% ownership share. Total capital expenditures of \$300.0mm and total EBITDA of \$31mm.

HEP has an option to purchase HOC's interest in pipeline for 180 days from completion of project at HOC's cost plus 7% per annum interest.

<sup>3</sup> Negotiations underway between HEP & HOC.

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

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

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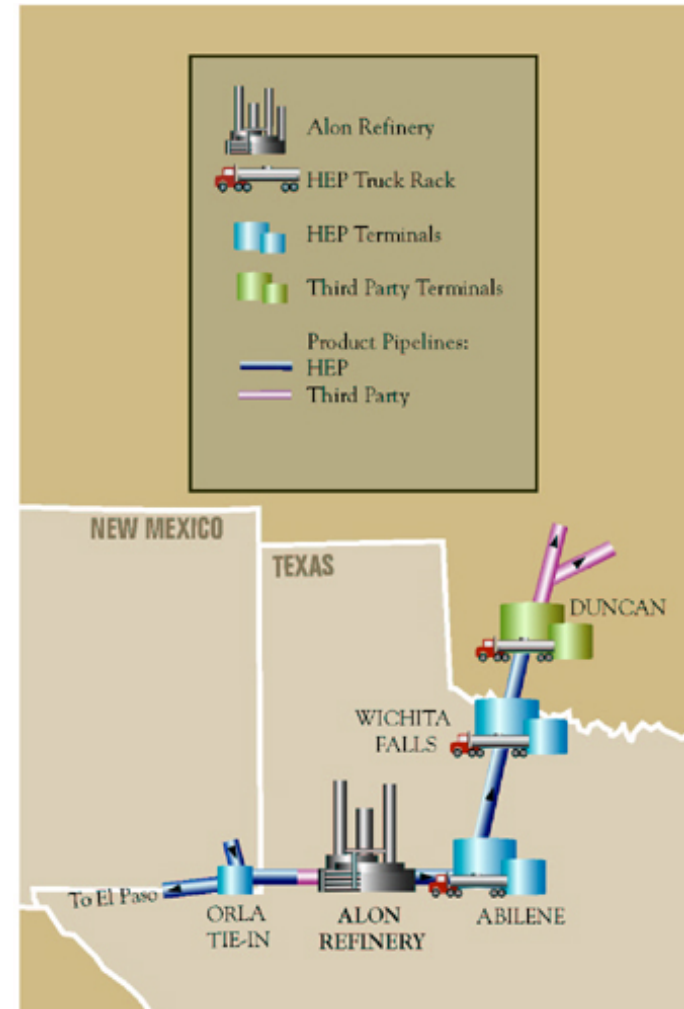
*Bruce Shaw, Senior Vice President & CFO  
M. Neale Hickerson, VP-Investor Relations  
Tommy Guercio, Investor Relations Representative*

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# Appendix

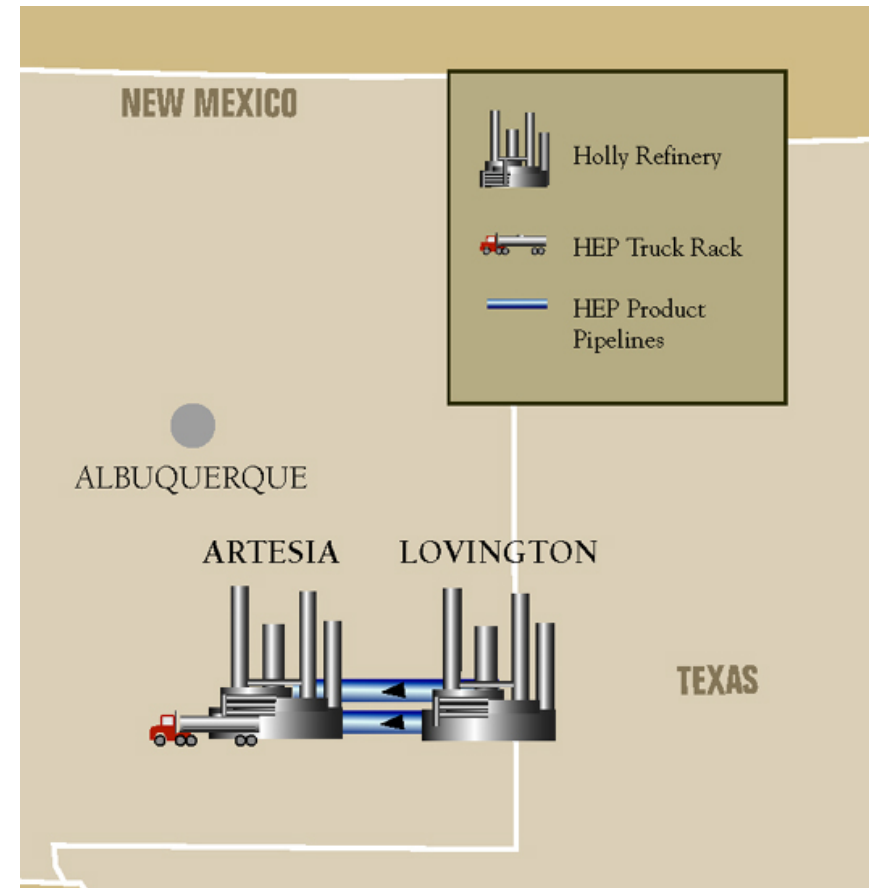
## Acquisition History: Alon USA Transaction, February 2005

- ✓ 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 revenue 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



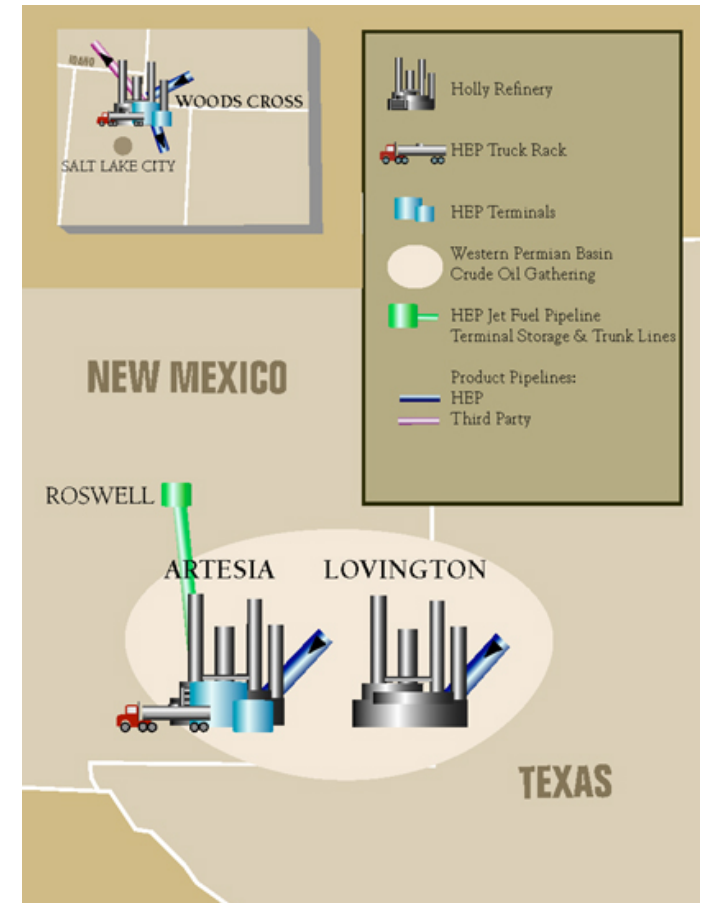
## Acquisition History: Holly Intermediate Pipelines, July 2005

- ✓ 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

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### 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 \$48 million

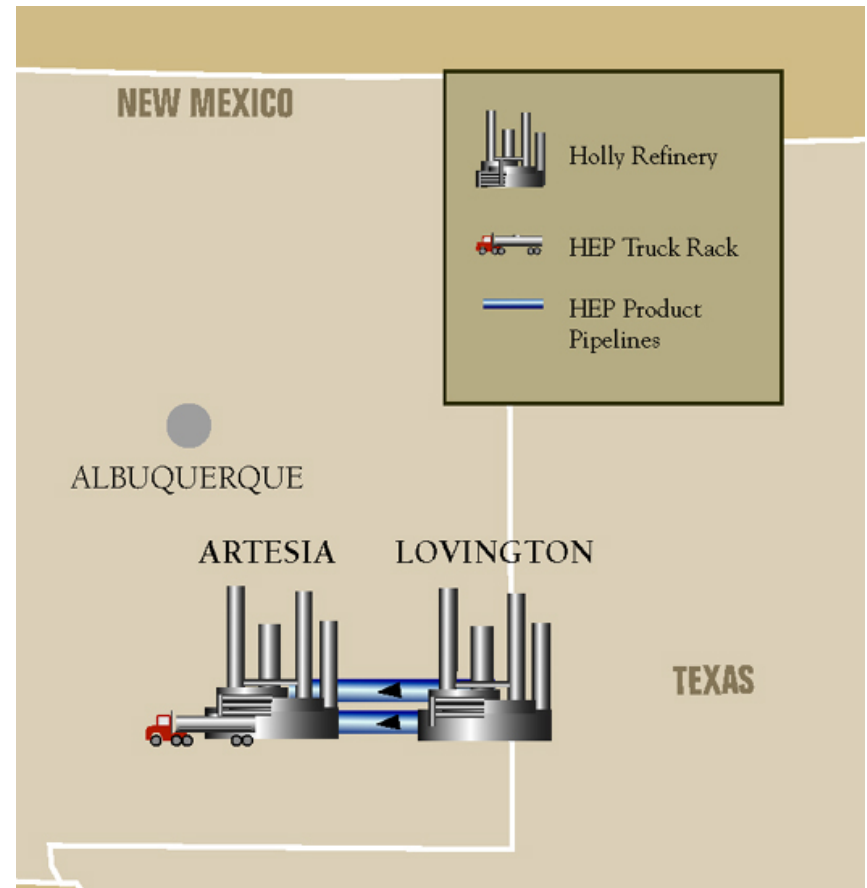
### Annual Revenues:

- \$10 million from increased tariffs & volumes

## Acquisition History: Holly Intermediate Pipeline, June 2009

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- ✓ 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

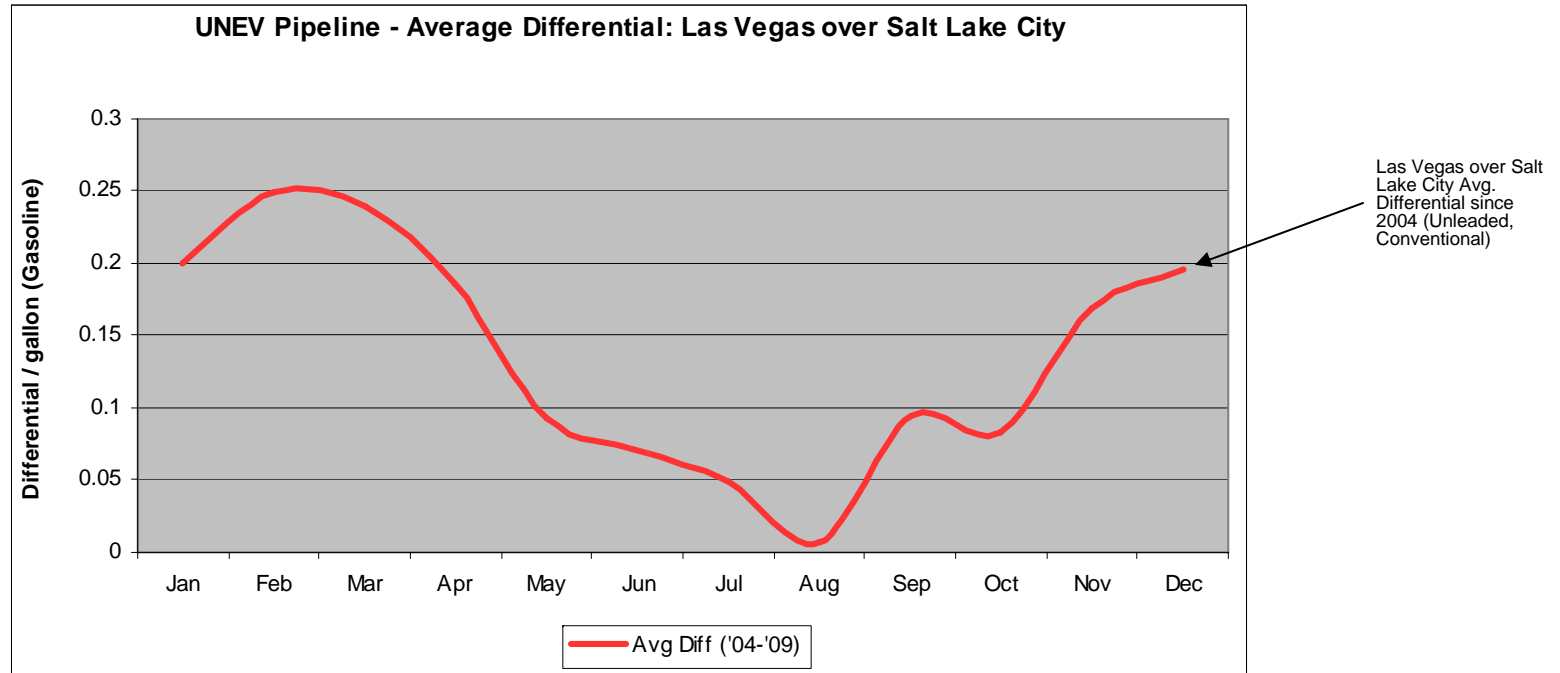


# Overview of Las Vegas Pipeline – 2010

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- 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 \$240mm (Holly's 75% share of \$300mm total project cost, plus carrying cost of 7% per annum)
- Estimated EBITDA:**
- \$23mm (75% share; initial annual EBITDA estimate)
- Completion Date:**
- 2010
- Funding**
- During the construction phase, Holly will fund construction payments
  - HEP has have option to purchase from Holly entity at construction cost plus a 7% carrying cost

# UNEV Pipeline Economics



- Las Vegas has on average, experienced a \$0.13/gal (\$5.36/bbl) positive differential for Gasoline (Unleaded, conventional) over Salt Lake City during Jan 2004 – Aug 2009
- There is significant incentive for refiners to ship barrels to Las Vegas
  - The differential between Jan – Jun and Sep-Dec has averaged \$0.15/gal (\$6.30/bbl) over the past 5 years
- 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

## Minimum Commitments Overview—Deferred Revenue Classification

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- 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 (anticipated to be 175bp to 200bp through 2009)***
  - ✓ ***\$50mm sub-limit for LCs***
  - ✓ ***\$20mm sub-limit for interim funding of distributions***
  
- ✓ ***\$82 mm undrawn availability at 6/30 (\$218mm borrowings outstanding with no LCs issued)***

## Debt Outstanding – 6/30/09

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Amount (\$mm)	All-In Rate	Comments
125	6.25%	Senior notes due 2015
60	4.75%	Senior notes swapped to floating in March 2005 for 10-yr term and swapped back to fixed in October 2008 for 5-yr term
171	3.74% + applicable Libor borrowing margin <sup>1</sup>	Credit facility borrowings swapped to fixed in Feb 2008 for 5-yr term
47	Variable <sup>1</sup>	Credit facility borrowings
403		

<sup>1</sup> Libor borrowing margin based on Debt/EBITDA and anticipated to be 175 bp to 200 bp through 2009

# 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.