

Holly Energy Partners, L.P.

Acquisition of Alon USA, L.P. Pipeline and Terminal Assets



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Alon Acquisition Overview

- ◆ On January 25, 2005, HEP entered into a definitive agreement with Alon that provides for the acquisition of:
 - Over 500 miles of refined product pipelines
 - Two refined products terminals
 - A refined product tank farm facility

- ◆ These pipelines and terminals distribute approximately 70% of the light refined products for Alon's high conversion refinery in Big Spring, Texas, to markets in Texas and Oklahoma.

- ◆ Alon will enter into a 15 year pipelines and terminals agreement with HEP.
 - Alon will agree to transport and terminal minimum volumes in these acquired assets at stipulated tariffs providing revenues to HEP equal to at least 90% of the proforma revenues.
 - This volume commitment was calculated based on 90% of Alon's recent usage of the pipelines and terminals, and includes anticipated volumes from Alon's current expansion.
 - Alon has three 5-year renewal options under this agreement.



Transaction Purchase & Financial Information

- ◆ The total purchase price for these pipeline and terminal assets is:
 - ◆ \$120 million in cash.
 - ◆ 937,500 Class B subordinated units.
- ◆ Expected incremental EBITDA to HEP resulting from the transaction is approximately \$17 million annually.
- ◆ Combined annual EBITDA from existing HEP operations and Alon assets is expected to be in excess of \$50 million.
- ◆ Annual sustaining capital expenditures for the Alon assets is approximately \$500,000.
- ◆ The transaction is expected to be immediately accretive to HEP.



Transaction Financing Detail

- ◆ HEP anticipates a \$150 million private issuance of senior unsecured notes.
- ◆ HEP has received a standby bridge financing term loan commitment for this transaction.
- ◆ HEP has engaged three major investment banks for this financing.
- ◆ The proceeds from the financing will provide the funds to finance this transaction and to fully pay down the current borrowing of \$25 million under its \$100 million credit facility.



Holly Energy Partners Initial IPO Assets



- ◆ Formed in July 2004 by Holly
- ◆ Generates revenues by charging tariffs for transporting products in pipelines and fees for providing terminalling services
- ◆ 780 Miles of pipeline, 340 of which are leased
- ◆ 70% Interest in Rio Grande Pipeline
- ◆ 9 Terminals in 5 states; 3 of the terminals are 50% owned
- ◆ Truck Racks at Navajo and Woods Cross refineries



Holly Energy Partners Alon Acquisition Assets



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



Alon Acquisition Asset Description

◆ Refined product pipelines

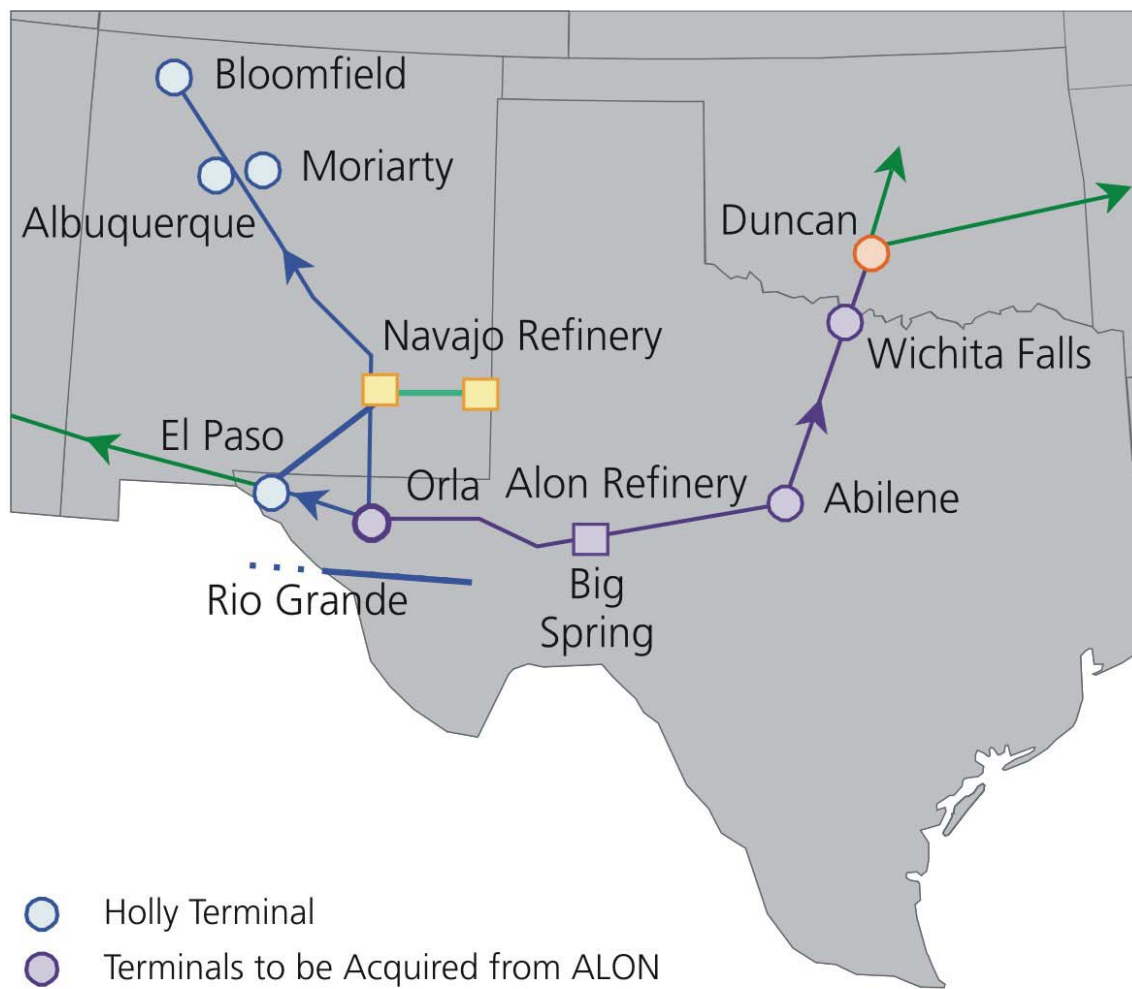
- ◆ A 105-mile 6-inch pipeline from Big Spring, TX to Abilene, TX.
- ◆ A 227-mile 6/8-inch pipeline from Big Spring, TX to Wichita Falls, TX.
- ◆ A 47-mile 6-inch pipeline from Wichita Falls, TX to Duncan, OK.
- ◆ A 135-mile 8/10-inch pipeline from Midland, TX to Orla, TX – that connects into HEP's southern pipeline system.

◆ Refined product terminals and tank farm

- ◆ Terminal in Abilene, TX with 127,000 barrels of storage.
- ◆ Terminal in Wichita Falls, TX with 220,000 barrels of storage.
- ◆ Tank farm in Orla, TX with 135,000 barrels of storage.



HEP's 'Southern P/L' Distribution System with the acquired Alon USA assets



- 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

Transaction Summary

- ◆ *HEP will acquire four refined product pipelines, two refined product terminals, and one refined product tank farm facility from Alon USA, L.P.*
- ◆ *The total purchase price is \$120 million of cash and 937,500 subordinated units.*
- ◆ *The transaction will be financed with senior unsecured notes or term loan financing.*
- ◆ *Expected incremental EBITDA from transaction is approximately \$17 million annually.*
- ◆ *Combined EBITDA from existing and acquired assets is expected to exceed \$50 million.*
- ◆ *The transaction is expected to be immediately accretive to HEP.*

