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## Holly Corporation Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

[Operator Instructions].

Your first question comes from Richard Voliva with Deutsche Bank

#### **Richard Voliva – Deutsche Bank Securities**

Thanks. Good morning guys.

#### **Matthew P. Clifton - Chairman of the Board and Chief Executive Officer**

Good morning.

#### **Richard Voliva – Deutsche Bank Securities**

I had a couple of questions kind of on demand, in the case of both plants, what you're seeing there and then particularly kind of bottom of the barrel issues, asphalt, excuse me, in the kind of, I guess New Mexico, California type area?

#### **Matthew P. Clifton - Chairman of the Board and Chief Executive Officer**

Well, our demand has been pretty strong. We have, as you probably know, we have three asphalt terminals that we market asphalt, two in New Mexico and one just outside of Phoenix. We actually market a little more than, quite a bit more than we produce asphalt. So we have kind of an embedded outlet for any asphalt that we produce, and as you might remember we put in the ROSE unit at the start-up early in '06 that reduced the amount of asphalt that we're making at the New Mexico plant. We have seen some slight reduction in demand, I think in the Phoenix area in Arizona over the last year, but then again it hasn't really negatively affected us, it just kind of backed out some of our third party purchases.

#### **Richard Voliva – Deutsche Bank Securities**

Fair enough. Thanks. I guess then the other kind of general topic I wanted to tackle was just a little bit on the, if you're seeing anything on the M&A front, acquisition opportunities, that kind of thing? I mean, you had spoken a little bit on the last call about that possibility. So if you have got any update there, I appreciate it. Thanks.

#### **Matthew P. Clifton - Chairman of the Board and Chief Executive Officer**

Okay. I think that there is a little more activity, at least there are some things that look like they are coming on out on the horizon. I think we recently heard that Sun would be marketing their Tulsa plant. And as far as we know Valero continues to evaluate whether any units would be sold, refineries would be sold out of their package of assets. So we will continue to look there, we don't obviously have anything that we are working on right now.

**Richard Voliva – Deutsche Bank Securities**

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