TOWN SPORTS INTERNATIONAL HOLDINGS INC
Form 4
June 18, 2007

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Prue Jennifer

(Last) (First) (Middle)

888 SEVENTH AVENUE, 25TH FLOOR

(Street)

NEW YORK, NY 10106

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
TOWN SPORTS INTERNATIONAL HOLDINGS INC [CLUB]

3. Date of Earliest Transaction (Month/Day/Year)
06/14/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Information Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	06/14/2007		M		25,000	A	$ 5.35	25,000	D	
Common Stock	06/14/2007		S		25,000	D	$ 19.48	0	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount o Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Share
Stock Option (right to buy)	$ 5.35	06/14/2007		M			25,000	02/04/2004 [(1)]	06/01/2010	Common Stock, par value $0.001	25,000
Stock Option (right to buy)	$ 10.28							02/04/2004 [(1)]	07/23/2013	Common Stock, par value $0.001	2,800
Stock Option (right to buy)	$ 1.6							12/31/2008 [(1)]	06/01/2010	Common Stock, par value $0.001	22,400
Stock Option (right to buy)	$ 6.53							12/31/2012 [(1)]	07/23/2013	Common Stock, par value $0.001	11,200
Stock Option (right to buy)	$ 12.05							08/04/2007 [(2)]	08/04/2016	Common Stock, par value $0.001	35,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Prue Jennifer 888 SEVENTH AVENUE, 25TH FLOOR NEW YORK, NY 10106			Chief Information Officer	

Signatures

/s/ Robert Kane, Attorney-in-Fact	06/18/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These options are subject to vesting earlier than the indicated date in the event of the sale of the Issuer to a third party, or the achievement by the Issuer of certain Equity Value Targets (as defined in the Stock Option Agreement governing this grant).

(2) This option is subject to a vesting schedule during which 25% of the shares subject to the option vest on each of the first four anniversaries of the grant date, August 4, 2006. This option is also subject to vesting earlier than the indicated date in the event of a Change in Control (as defined in the stock option agreement between the Reporting Person and the Issuer) of the Issuer.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. hares issued under our compensation programs.

Cash and cash equivalents decreased $501.5 million for the year ended December 31, 2015. Net cash used for investing and financing activities of $381.7 million and $1,099.3 million, respectively, exceeded net cash provided by operating activities of $979.6 million. Working capital decreased by $961.6 million during the year ended December 31, 2015.

Cash Flows – Operating Activities

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014
Net cash flows provided by operating activities were $979.6 million for the year ended December 31, 2015 compared to $758.6 million for the year ended December 31, 2014, an increase of $221.0 million. Net income for the year ended December 31, 2015 was $802.5 million, an increase of $476.2 million compared to $326.3 million for the year ended December 31, 2014. Non-cash adjustments to net income consisting of lower of cost or market inventory valuation adjustment, depreciation and amortization, net loss of equity method investments, inclusive of distributions, gain on sale of assets, unamortized premium / discount on early extinguishment of debt, deferred income taxes, equity-based compensation expense and fair value changes to derivative instruments totaled $492.0 million for the year ended December 31, 2015 compared to $580.0 million for the same period in 2014. Changes in working capital items decreased cash flows by $195.1 million for the year ended December 31, 2015 compared to $64.1 million for the year ended December 31, 2014. For the year ended December 31, 2015, turnaround expenditures decreased to $89.4 million from $96.8 million for the same period of 2014.

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Year Ended December 31, 2014 Compared to Year Ended December 31, 2013
Net cash flows provided by operating activities were $758.6 million for the year ended December 31, 2014 compared to $869.2 million for the year ended December 31, 2013, a decrease of $110.6 million. Net income for the year ended December 31, 2014 was $326.3 million, a decrease of $441.5 million compared to $767.8 million for the year ended December 31, 2013. Non-cash adjustments to net income consisting of lower of cost or market inventory valuation adjustment, depreciation and amortization, net loss of equity method investments, inclusive of distributions, unamortized discount on the early extinguishments of debt, gain on sale of assets, deferred income taxes, equity-based compensation expense, fair value changes to derivative instruments and loss on settlement of retirement benefit obligations, net of contributions totaled $580.0 million for the year ended December 31, 2014 compared to $430.4 million for the same period in 2013. Changes in working capital items decreased cash flows by $64.1 million for the year ended December 31, 2014 compared to $157.0 million for the year ended December 31, 2013. Additionally, for the year ended December 31, 2014, turnaround expenditures decreased to $96.8 million from $193.9 million for the same period of 2013.

Cash Flows – Investing Activities and Planned Capital Expenditures

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014
Net cash flows used for investing activities were $381.7 million for the year ended December 31, 2015 compared to $292.3 million for the year ended December 31, 2014, an increase of $89.4 million. Cash expenditures for properties, plants and equipment for 2015 increased to $676.2 million from $564.8 million for the same period in 2014. These include HEP capital expenditures of $94.5 million and $109.7 million for the years ended December 31, 2015 and 2014, respectively. We received proceeds of $19.3 million and $16.6 million from the sale of assets during the years ended December 31, 2015 and 2014, respectively. For the years ended December 31, 2015 and 2014, we invested $509.3 million and $1,025.6 million, respectively, in marketable securities and received proceeds of $839.5 million and $1,276.4 million, respectively, from the sale or maturity of marketable securities. Additionally, HEP purchased a 50% interest in Frontier Pipeline for $55.0 million.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013
Net cash flows used for investing activities were $292.3 million for the year ended December 31, 2014 compared to $526.7 million for the year ended December 31, 2013, a decrease of $234.4 million. Cash expenditures for properties, plants and equipment for 2014 increased to $564.8 million from $425.1 million for the same period in 2013. These include HEP capital expenditures of $109.7 million and $56.6 million for the years ended December 31, 2014 and 2013, respectively. We received proceeds of $16.6 million and $7.8 million from the sale of assets during the years ended December 31, 2014 and 2013, respectively. For the year ended December 31, 2013, we acquired trucking operations for $11.3 million. Also for the years ended December 31, 2014 and 2013, we invested $1,025.6 million and $935.5 million, respectively, in marketable securities and received proceeds of $1,276.4 million and $846.1 million, respectively, from the sale or maturity of marketable securities.

Planned Capital Expenditures

HollyFrontier Corporation
Each year our Board of Directors approves our annual capital budget which includes specific projects that management is authorized to undertake. Additionally, when conditions warrant or as new opportunities arise, additional projects may be approved. The funds appropriated for a particular capital project may be expended over a period of several years, depending on the time required to complete the project. Therefore, our planned capital expenditures for a given year consist of expenditures appropriated in that year’s capital budget plus expenditures for projects appropriated in prior years which have not yet been completed. During 2016, we expect to spend approximately $475.0 million to $500.0 million in cash for capital projects appropriated in 2016 and prior years. In addition, we expect to spend approximately $110.0 million to $120.0 million on refinery turnarounds. Refinery

turnaround spending is amortized over the useful life of the turnaround. Our expected capital and turnaround cash spending for 2016 is as follows:

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	Expected Cash Spending Range	
Location:		
El Dorado	$50.0	$55.0
Tulsa	165.0	175.0
Navajo	140.0	145.0
Cheyenne	130.0	135.0
Woods Cross	80.0	85.0
Corporate and Other	20.0	25.0
Total	$585.0	$620.0
Type:		
Sustaining	$115.0	$120.0
Reliability and Growth	150.0	160.0
Compliance and Safety	210.0	220.0
Turnarounds	110.0	120.0
Total	$585.0	$620.0

A significant portion of our current capital spending is associated with compliance-oriented capital improvements. This spending is required due to existing consent decrees (for projects including FCC unit flue gas scrubbers and tail gas treatment units), federal fuels regulations (particularly, Tier 3 which mandates a reduction in the sulfur content of blended gasoline), refinery waste water treatment improvements and other similar initiatives. Our refinery operations and related emissions are highly regulated at both federal and state levels, and we invest in our facilities as needed to remain in compliance with these standards. Additionally, when faced with new emissions or fuels standards, we seek to execute projects that facilitate compliance and also improve the operating costs and / or yields of associated refining processes.

El Dorado Refinery
Capital projects at the El Dorado Refinery include the completion of an FCC gasoline hydrotreater to meet Tier 3 gasoline requirements and a new tail gas treating unit to provide spare capacity to the existing unit. Growth projects include an upgrade project to improve reformer operation, yield and reliability. A project to improve Coker unit yield and capacity is currently being evaluated.

Tulsa Refineries
Capital spending for the Tulsa Refineries includes a project to improve FCC yields that will be implemented during a turnaround starting in February 2016. In conjunction with our Tier 3 strategy at the Tulsa Refineries, we are installing a new naphtha fractionation unit that improves both yield and octane enhancements to the gasoline pool.

Navajo Refinery
The Navajo Refinery capital spending in 2016 is primarily directed towards the installation of an FCC gasoline hydrotreater unit to address Tier 3 compliance. Additionally, the Navajo Refinery plans to increase crude capacity through targeted upgrades to several processing units that is expected to provide greater diesel and gasoline flexibility and increased diesel production.

Cheyenne Refinery
The Cheyenne Refinery capital spending in 2016 includes the completion of wastewater treatment plant improvements and a project to improve FCC yield and reliability to be implemented during a turnaround starting in April. An expansion to the heavy oil rack will allow an increase of asphalt and gas oil exports, and work progresses on a study to

provide a redundant tail gas unit associated with the sulfur recovery process.

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Woods Cross Refinery
Construction continues on our existing expansion project to increase planned processing capacity to 45,000 BPSD and includes new refining facilities and a new rail loading rack for intermediates and finished products associated with refining waxy crude oil. This initial phase of the project is expected to cost $420.0 million and is planned to be put into operation during the first quarter of 2016. An additional investment of $20.0 million is being made to allow for greater crude slate flexibility, which we believe will increase capacity utilization and improve overall economic returns during periods when wax crudes are in short supply.

On November 18, 2013, the Utah Division of Air Quality issued a revised air quality permit (the “Approval Order”) authorizing the expansion. On December 18, 2013, two local environmental groups filed an administrative appeal challenging the issuance of the Approval Order and seeking a stay of the Approval Order. Following an extended appeal process, the Executive Director of the Utah Department of Environmental Quality issued a final order in favor of Woods Cross on all claims on March 31, 2015 and dismissed the project opponents' arguments with prejudice. On April 27, 2015, the opponents filed a petition for review and notice of appeal with the Utah Court of Appeals challenging the agency's decision to uphold the permit and dismiss the project opponents' arguments. This appeal is now pending before the Utah Court of Appeals. The final legal briefs were submitted in December 2015. The expansion, and expected completion timeline and cost, are subject to the Woods Cross Refinery successfully defending the Approval Order on appeal at the Utah Court of Appeals.

Regulatory compliance items or other presently existing or future environmental regulations / consent decrees could cause us to make additional capital investments beyond those described above and incur additional operating costs to meet applicable requirements, including those related to recently promulgated Federal Tier 3 gasoline standards.

HEP
Each year the Holly Logistic Services, L.L.C. board of directors approves HEP’s annual capital budget, which specifies capital projects that HEP management is authorized to undertake. Additionally, at times when conditions warrant or as new opportunities arise, special projects may be approved. The funds allocated for a particular capital project may be expended over a period of several years, depending on the time required to complete the project. Therefore, HEP’s planned capital expenditures for a given year consist of expenditures approved for capital projects included in its current year capital budget as well as, in certain cases, expenditures approved for capital projects in capital budgets for prior years. The 2016 HEP capital budget is comprised of $13.0 million for maintenance capital expenditures and $57.0 million for expansion capital expenditures.

Cash Flows – Financing Activities

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014
Net cash flows used for financing activities were $1,099.3 million for the year ended December 31, 2015 compared to $838.4 million for the year ended December 31, 2014, an increase of $260.9 million. During the year ended December 31, 2015, we purchased $742.8 million in common stock, paid $246.9 million in dividends and paid $155.2 million upon the redemption of our 6.875% senior notes. Also during this period, HEP received $973.9 million and repaid $832.9 million under the HEP Credit Agreement and paid distributions of $83.3 million to noncontrolling interests. During the year ended December 31, 2014, we purchased $158.8 million in common stock, paid $647.2 million in dividends and recognized $2.0 million excess tax benefits on our equity-based compensation. Also during this period, HEP received $642.3 million and repaid $434.3 million under the HEP Credit Agreement, paid $156.2 million upon the redemption of HEP's 8.25% senior notes and paid distributions of $78.2 million to noncontrolling interests.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Net cash flows used for financing activities were $838.4 million for the year ended December 31, 2014 compared to $1,160.0 million for the year ended December 31, 2013, a decrease of $321.6 million. During the year ended December 31, 2014, we purchased $158.8 million in common stock, paid $647.2 million in dividends and recognized $2.0 million excess tax benefits on our equity-based compensation. Also during this period, HEP received $642.3 million and repaid $434.3 million under the HEP Credit Agreement, paid $156.2 million upon the redemption of HEP's 8.25% senior notes and paid distributions of $78.2 million to noncontrolling interests. During the year ended December 31, 2013, we received $73.4 million from the sale of HEP common units, purchased $225.0 million in common stock, paid $645.9 million in dividends, paid $301.0 million upon the redemption of our 9.875% senior notes and recognized $2.6 million excess tax benefits on our equity-based compensation. Also during this period, HEP received $310.6 million and repaid $368.6 million under the HEP Credit Agreement, paid distributions of $71.2 million to noncontrolling interests and received proceeds of $73.4 million upon its March 2013 common unit offering.

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Contractual Obligations and Commitments

The following table presents our long-term contractual obligations as of December 31, 2015 in total and by period due beginning in 2016. The table below does not include our contractual obligations to HEP under our long-term transportation agreements as these related-party transactions are eliminated in the Consolidated Financial Statements. A description of these agreements is provided under "Holly Energy Partners, L.P." under Items 1 and 2, "Business and Properties." Also, the table below does not reflect renewal options on our operating leases that are likely to be exercised.

		Payments Due by Period			
Contractual Obligations and Commitments	Total	Less than 1 Year	1-3 Years	3-5 Years	Over 5 Years
	(In thousands)				
HollyFrontier Corporation					
Long-term debt - principal (1)	$31,288	$2,121	$5,093	$6,483	$17,591
Long-term debt - interest (2)	19,754	3,679	6,507	5,117	4,451
Supply agreements (3)	1,971,134	279,076	558,264	346,472	787,322
Transportation and storage agreements (4)	989,521	113,914	186,639	140,958	548,010
Other long-term obligations	23,517	13,934	7,234	2,349	—
Operating leases	456,895	63,078	114,417	102,227	177,173
	3,492,109	475,802	878,154	603,606	1,534,547
Holly Energy Partners					
Long-term debt - principal (5)	1,012,000	—	712,000	300,000	—
Long-term debt - interest (6)	140,755	37,168	74,337	29,250	—
Pipeline operating and right of way leases	79,088	7,434	13,754	13,484	44,416
Other agreements	74,123	2,768	5,316	3,031	63,008
	1,305,966	47,370	805,407	345,765	107,424
Total	$4,798,075	$523,172	$1,683,561	$949,371	$1,641,971

(1) Our long-term debt consists of a long-term financing obligation having a principal balance of $31.3 million at December 31, 2015.

(2) Interest payments consist of interest on our long-term financing obligation.

(3) We have long-term supply agreements to secure certain quantities of crude oil, feedstock and other resources used in the production process at market prices. We have estimated future payments under these fixed-quantity agreements expiring between 2016 and 2030 using current market rates. Additionally, commitments include purchases of 20,000 BPD of crude oil under a 10-year agreement to supply our Woods Cross Refinery that is expected to commence upon completion of our expansion project in the first quarter of 2016.

(4) Consists of contractual obligations under agreements with third parties for the transportation of crude oil, natural gas and feedstocks to our refineries and for terminal and storage services under contracts expiring between 2016 and 2033.

(5) HEP's long-term debt consists of the $300.0 million principal balance on the 6.5% HEP senior notes and $712.0 million of outstanding borrowings under the HEP Credit Agreement. The HEP Credit Agreement expires in 2018.

(6) Interest payments consist of interest on the 6.5% HEP senior notes and interest on long-term debt under the HEP Credit Agreement. Interest on the HEP Credit Agreement debt is based on the weighted average rate of 2.57% at December 31, 2015.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions. We consider the following policies to be the most critical to understanding the judgments that are involved and the uncertainties that could impact our results of operations, financial condition and cash flows. For additional information, see Note 1 “Description of Business and Summary of Significant Accounting Policies” in the Notes to Consolidated Financial Statements.

Inventory Valuation
Inventories are stated at the lower of cost, using the LIFO method for crude oil, unfinished and finished refined products and the average cost method for materials and supplies, or market. In periods of rapidly declining prices, LIFO inventories may have to be written down to market value due to the higher costs assigned to LIFO layers in prior periods. In addition, the use of the LIFO inventory method may result in increases or decreases to cost of sales in years that inventory volumes decline as the result of charging cost of sales with LIFO inventory costs generated in prior periods. At December 31, 2015 and 2014, market values had fallen below historical LIFO inventory costs and, as a result, we recorded lower of cost or market inventory valuation reserves of $624.5 million and $397.5 million, respectively.

At December 31, 2015, our lower of cost or market inventory valuation reserve was $624.5 million. This amount, or a portion thereof, is subject to reversal as a reduction to cost of products sold in subsequent periods as inventories giving rise to the reserve are sold, and a new reserve is established. Such a reduction to cost of products sold could be significant if inventory values return to historical cost price levels. Additionally, further decreases in overall inventory values could result in additional charges to cost of products sold should the lower of cost or market inventory valuation reserve be increased.

Goodwill
We have goodwill that primarily arose from our merger with Frontier Oil Corporation on July 1, 2011. Goodwill represents the excess of the cost of an acquired entity over the fair value of the assets acquired and liabilities assumed. Goodwill is not subject to amortization and is tested annually or more frequently if events or circumstances indicate the possibility of impairment.

We performed our annual goodwill impairment testing as of July 1, 2015, which entailed an assessment of our reporting unit fair values relative to their respective carrying values that were derived using a combination of both income and market approaches. Our income approach utilizes the discounted future expected cash flows. Our market approach, which includes both the guideline public company and guideline transaction methods, utilizes pricing multiples derived from historical market transactions of other like-kind assets. Our discounted cash flows reflect estimates of future cash flows based on both historical and forward crack-spreads, forecasted production levels, operating costs and capital expenditures. Our goodwill is allocated by reporting unit as follows: El Dorado, $1.7 billion; Cheyenne, $0.3 billion; and HEP, $0.3 billion. Based on our testing as of July 1, 2015, the fair value of our Cheyenne reporting unit exceeded its carrying cost by approximately 8%. The fair value of our El Dorado and HEP reporting units substantially exceeded their respective carrying values. There were no impairments of goodwill during the years December 31, 2015, 2014 and 2013.

Historically, the refining industry has experienced significant fluctuations in operating results over an extended business cycle including changes in prices of crude oil and refined products, changes in operating costs including natural gas and higher costs of complying with government regulations. It is reasonably possible that at some future downturn in refining operations that the goodwill related to our Cheyenne Refinery will be determined to be impaired. A prolonged, moderate decrease in operating margins could potentially result in impairment to goodwill allocated to our Cheyenne reporting unit. Such impairment charges could be material.

Contingencies

We are subject to proceedings, lawsuits and other claims related to environmental, labor, product and other matters. We are required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of reserves required, if any, for these contingencies is made after careful analysis of each individual issue. The required reserves may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

RISK MANAGEMENT

We use certain strategies to reduce some commodity price and operational risks. We do not attempt to eliminate all market risk exposures when we believe that the exposure relating to such risk would not be significant to our future earnings, financial position, capital resources or liquidity or that the cost of eliminating the exposure would outweigh the benefit.

Commodity Price Risk Management

Our primary market risk is commodity price risk. We are exposed to market risks related to the volatility in crude oil and refined products, as well as volatility in the price of natural gas used in our refining operations. We periodically enter into derivative contracts in the form of commodity price swaps and futures contracts to mitigate price exposure with respect to:

- our inventory positions;
- natural gas purchases;

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- costs of crude oil and related grade differentials;
- prices of refined products; and
- our refining margins.

As of December 31, 2015, we have the following notional contract volumes related to all outstanding derivative contracts used to mitigate commodity price risk:

Contract Description	Total Outstanding Notional	Notional Contract Volumes by Year of Maturity 2016	2017	Unit of Measure
Natural gas price swaps - long	38,400,000	19,200,000	19,200,000	MMBTU
Natural gas price swaps - short	19,200,000	9,600,000	9,600,000	MMBTU
Natural gas price swaps (basis spread) - long	20,616,000	10,308,000	10,308,000	MMBTU
Crude price swaps (basis spread) - long	11,712,000	11,712,000	—	Barrels
NYMEX futures (WTI) - short	1,840,000	1,840,000	—	Barrels
Forward gasoline and diesel contracts - long	525,000	525,000	—	Barrels
Forward gasoline and diesel contracts - short	625,000	625,000	—	Barrels
Physical crude contracts - short	38,000	38,000	—	Barrels

The following sensitivity analysis provides the hypothetical effects of market price fluctuations to the commodity positions hedged under our derivative contracts:

Commodity-based Derivative Contracts	Estimated Change in Fair Value at December 31, 2015	2014
	(In thousands)	
Hypothetical 10% change in underlying commodity prices	$23,130	$11,947

Interest Rate Risk Management

HEP uses interest rate swaps to manage its exposure to interest rate risk.

As of December 31, 2015, HEP had three interest rate swap contracts that hedge its exposure to the cash flow risk caused by the effects of LIBOR changes on $305.0 million in credit agreement advances. The first interest rate swap effectively converts $155.0 million of LIBOR based debt to fixed-rate debt having an interest rate of 0.99% plus an applicable margin of 2.25% as of December 31, 2015, which equaled an effective interest rate of 3.24%. This swap matures in February 2016. HEP has two additional interest rate swaps with identical terms which effectively convert $150.0 million of LIBOR based debt to fixed-rate debt having an interest rate of 0.74% plus an applicable margin of 2.25% as of December 31, 2015, which equaled an effective interest rate of 2.99%. Both of these swap contracts mature in July 2017. These swap contracts have been designated as cash flow hedges.

The market risk inherent in our fixed-rate debt is the potential change arising from increases or decreases in interest rates as discussed below.

For the fixed rate HEP Senior Notes, changes in interest rates will generally affect fair value of the debt, but not earnings or cash flows. The outstanding principal, estimated fair value and estimated change in fair value (assuming a hypothetical 10% change in the yield-to-maturity rates) for this debt as of December 31, 2015 is presented below:

	Outstanding Principal	Estimated Fair Value	Estimated Change in

			Fair Value
	(In thousands)		
HEP Senior Notes	$300,000	$295,500	$7,561

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For the variable rate HEP Credit Agreement, changes in interest rates would affect cash flows, but not the fair value. At December 31, 2015, outstanding borrowings under the HEP Credit Agreement were $712.0 million. By means of its cash flow hedges, HEP has effectively converted the variable rate on $305.0 million of outstanding principal to a weighted average fixed rate of 3.12%. For the remaining unhedged Credit Agreement borrowings of $407.0 million, a hypothetical 10% change in interest rates applicable to the HEP Credit Agreement would not materially affect cash flows.

At December 31, 2015, our marketable securities included investments in investment grade, highly-liquid investments with maturities generally not greater than one year from the date of purchase and hence the interest rate market risk implicit in these investments is low. Due to the short-term nature of our cash and cash equivalents, a hypothetical 10% increase in interest rates would not have a material effect on the fair market value of our portfolio. Since we have the ability to liquidate this portfolio, we do not expect our operating results or cash flows to be materially affected by the effect of a sudden change in market interest rates on our investment portfolio.

Our operations are subject to hazards of petroleum processing operations, including fire, explosion and weather-related perils. We maintain various insurance coverages, including business interruption insurance, subject to certain deductibles. We are not fully insured against certain risks because such risks are not fully insurable, coverage is unavailable, or premium costs, in our judgment, do not justify such expenditures.

Financial information is reviewed on the counterparties in order to review and monitor their financial stability and assess their ongoing ability to honor their commitments under the derivative contracts. We have not experienced, nor do we expect to experience, any difficulty in the counterparties honoring their commitments.

We have a risk management oversight committee consisting of members from our senior management. This committee oversees our risk enterprise program, monitors our risk environment and provides direction for activities to mitigate identified risks that may adversely affect the achievement of our goals.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See “Risk Management” under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Reconciliations to Amounts Reported Under Generally Accepted Accounting Principles

Reconciliations of earnings before interest, taxes, depreciation and amortization (“EBITDA”) to amounts reported under generally accepted accounting principles in financial statements.

Earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA, is calculated as net income attributable to HollyFrontier stockholders plus (i) interest expense, net of interest income, (ii) income tax provision, and (iii) depreciation and amortization. EBITDA is not a calculation provided for under 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 financial covenants.

Set forth below is our calculation of EBITDA.

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Net income attributable to HollyFrontier stockholders	$740,101	$281,292	$735,842
Add income tax provision	406,060	141,172	391,576
Add interest expense [(1)]	44,840	51,323	90,159
Subtract interest income	(3,391)	(4,430)	(5,556)
Add depreciation and amortization	346,151	363,381	303,446
EBITDA	$1,533,761	$832,738	$1,515,467

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(1) Includes loss on early extinguishment of debt of $1.4 million, $7.7 million and $22.1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Reconciliations of refinery operating information (non-GAAP performance measures) to amounts reported under generally accepted accounting principles in financial statements.

Refinery gross margin and net operating margin are non-GAAP performance measures that are used by our management and others to compare our refining performance to that of other companies in our industry. We believe these margin measures are helpful to investors in evaluating our refining performance on a relative and absolute basis.

Refinery gross margin per barrel is the difference between average net sales price and average cost of products per barrel of produced refined products. Net operating margin per barrel is the difference between refinery gross margin and refinery operating expenses per barrel of produced refined products. These two margins do not include the non-cash effects of lower of cost or market inventory valuation adjustments or depreciation and amortization. Each of these component performance measures can be reconciled directly to our consolidated statements of income.

Other companies in our industry may not calculate these performance measures in the same manner.

Refinery Gross and Net Operating Margins

Below are reconciliations to our consolidated statements of income for (i) net sales, cost of products (exclusive of lower of cost or market inventory valuation adjustment) and operating expenses, in each case averaged per produced barrel sold, and (ii) net operating margin and refinery gross margin. Due to rounding of reported numbers, some amounts may not calculate exactly.

Reconciliation of produced product sales to total sales and other revenues

	Years Ended December 31,		
	2015	2014	2013
	(Dollars in thousands, except per barrel amounts)		
Consolidated			
Average sales price per produced barrel sold	$71.32	$110.19	$115.60
Times sales of produced refined products (BPD)	438,000	420,990	410,730
Times number of days in period	365	365	365
Produced refined product sales	$11,401,928	$16,931,944	$17,330,342
Total produced refined product sales	$11,401,928	$16,931,944	$17,330,342
Add refined product sales from purchased products and rounding [1]	1,214,920	1,566,925	1,581,395
Total refined product sales	12,616,848	18,498,869	18,911,737
Add direct sales of excess crude oil [2]	352,113	1,060,354	1,052,915
Add other refining segment revenue [3]	202,222	147,002	140,791
Total refining segment revenue	13,171,183	19,706,225	20,105,443
Add HEP segment sales and other revenues	358,875	332,626	307,053
Add corporate and other revenues	663	2,103	1,314
Subtract consolidations and eliminations	(292,801)	(276,627)	(253,250)
Sales and other revenues	$13,237,920	$19,764,327	$20,160,560

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Reconciliation of average cost of products per produced barrel sold to cost of products sold (exclusive of lower of cost or market inventory valuation adjustment)

	Years Ended December 31,		
	2015	2014	2013
	(Dollars in thousands, except per barrel amounts)		
Consolidated			
Average cost of products per produced barrel sold	$55.25	$96.21	$99.61
Times sales of produced refined products (BPD)	438,000	420,990	410,730
Times number of days in period	365	365	365
Cost of products for produced products sold	$8,832,818	$14,783,758	$14,933,178
Total cost of products for produced products sold	$8,832,818	$14,783,758	$14,933,178
Add refined product costs from purchased products and rounding (1)	1,245,451	1,572,944	1,553,476
Total cost of refined products sold	10,078,269	16,356,702	16,486,654
Add crude oil cost of direct sales of excess crude oil (2)	348,362	1,030,235	1,048,224
Add other refining segment cost of products sold (4)	98,979	113,664	106,241
Total refining segment cost of products sold	10,525,610	17,500,601	17,641,119
Subtract consolidations and eliminations	(286,392)	(272,216)	(248,892)
Costs of products sold (exclusive of lower of cost or market inventory valuation adjustment and depreciation and amortization)	$10,239,218	$17,228,385	$17,392,227

Reconciliation of average refinery operating expenses per produced barrel sold to total operating expenses

	Years Ended December 31,		
	2015	2014	2013
	(Dollars in thousands, except per barrel amounts)		
Consolidated			
Average refinery operating expenses per produced barrel sold	$5.71	$6.38	$6.15
Times sales of produced refined products (BPD)	438,000	420,990	410,730
Times number of days in period	365	365	365
Refinery operating expenses for produced products sold	$912,858	$980,359	$921,986
Total refinery operating expenses for produced products sold	$912,858	$980,359	$921,986
Add refining segment pension settlement costs	—	—	31,657
Add other refining segment operating expenses and rounding (5)	44,062	42,810	39,812
Total refining segment operating expenses	956,920	1,023,169	993,455
Add HEP segment operating expenses	103,305	104,801	97,081
Add corporate and other costs	3,433	18,402	1,739
Subtract consolidations and eliminations	(3,285)	(1,432)	(1,425)
Operating expenses (exclusive of depreciation and amortization)	$1,060,373	$1,144,940	$1,090,850

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Reconciliation of net operating margin per barrel to refinery gross margin per barrel to total sales and other revenues

	Years Ended December 31,		
	2015	2014	2013
	(Dollars in thousands, except per barrel amounts)		
Consolidated			
Net operating margin per barrel	$10.36	$7.60	$9.84
Add average refinery operating expenses per produced barrel	5.71	6.38	6.15
Refinery gross margin per barrel	16.07	13.98	15.99
Add average cost of products per produced barrel sold	55.25	96.21	99.61
Average sales price per produced barrel sold	$71.32	$110.19	$115.60
Times sales of produced refined products sold (BPD)	438,000	420,990	410,730
Times number of days in period	365	365	365
Produced refined product sales	$11,401,928	$16,931,944	$17,330,342
Total produced refined product sales	$11,401,928	$16,931,944	$17,330,342
Add refined product sales from purchased products and rounding (1)	1,214,920	1,566,925	1,581,395
Total refined product sales	12,616,848	18,498,869	18,911,737
Add direct sales of excess crude oil (2)	352,113	1,060,354	1,052,915
Add other refining segment revenue (3)	202,222	147,002	140,791
Total refining segment revenue	13,171,183	19,706,225	20,105,443
Add HEP segment sales and other revenues	358,875	332,626	307,053
Add corporate and other revenues	663	2,103	1,314
Subtract consolidations and eliminations	(292,801)	(276,627)	(253,250)
Sales and other revenues	$13,237,920	$19,764,327	$20,160,560

(1) We purchase finished products to facilitate delivery to certain locations or to meet delivery commitments.

(2) We purchase crude oil that at times exceeds the supply needs of our refineries. Quantities in excess of our needs are sold at market prices to purchasers of crude oil that are recorded on a gross basis with the sales price recorded as revenues and the corresponding acquisition cost as inventory and then upon sale as cost of products sold. Additionally, at times we enter into buy/sell exchanges of crude oil with certain parties to facilitate the delivery of quantities to certain locations that are netted at cost.

(3) Other refining segment revenue includes the incremental revenues associated with HFC Asphalt, product purchased and sold forward for profit as market conditions and available storage capacity allows and miscellaneous revenue.

(4) Other refining segment cost of products sold includes the incremental cost of products for HFC Asphalt, the incremental cost associated with storing product purchased and sold forward as market conditions and available storage capacity allows and miscellaneous costs.

(5) Other refining segment operating expenses include the marketing costs associated with our refining segment and the operating expenses of HFC Asphalt.

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Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON ITS ASSESSMENT OF THE COMPANY'S INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of HollyFrontier Corporation (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the Company's internal control over financial reporting as of December 31, 2015 using the criteria for effective control over financial reporting established in “Internal Control - Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, management concludes that, as of December 31, 2015, the Company maintained effective internal control over financial reporting.

The Company's independent registered public accounting firm has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. That report appears on page 53.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
and Stockholders of HollyFrontier Corporation

We have audited HollyFrontier Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the “COSO criteria”). HollyFrontier Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on its Assessment of the Company's Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, HollyFrontier Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of HollyFrontier Corporation as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2015 of HollyFrontier Corporation and our report dated February 24, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Dallas, Texas
February 24, 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
and Stockholders of HollyFrontier Corporation

We have audited the accompanying consolidated balance sheets of HollyFrontier Corporation (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of HollyFrontier Corporation at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), HollyFrontier Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 24, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Dallas, Texas
February 24, 2016

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HOLLYFRONTIER CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents (HEP: $15,013 and $2,830, respectively)	$66,533	$567,985
Marketable securities	144,019	474,110
Total cash, cash equivalents and short-term marketable securities	210,552	1,042,095
Accounts receivable: Product and transportation (HEP: $41,075 and $40,129, respectively)	323,858	507,040
Crude oil resales	28,120	82,865
	351,978	589,905
Inventories: Crude oil and refined products	712,865	920,104
Materials, supplies and other (HEP: $1,972 and $1,940, respectively)	129,004	115,027
	841,869	1,035,131
Income taxes receivable	—	11,719
Prepayments and other (HEP: $3,082 and $2,443, respectively)	43,666	104,148
Total current assets	1,448,065	2,782,998
Properties, plants and equipment, at cost (HEP: $1,388,655 and $1,307,280, respectively)	5,490,189	4,852,441
Less accumulated depreciation (HEP: $(298,282) and $(244,850), respectively)	(1,374,527)	(1,181,902)
	4,115,662	3,670,539
Other assets: Turnaround costs	231,873	257,153
Goodwill (HEP: $288,991 and $288,991, respectively)	2,331,781	2,331,781
Intangibles and other (HEP: $128,583 and $73,335, respectively)	260,918	187,576
	2,824,572	2,776,510
Total assets	$8,388,299	$9,230,047
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable (HEP: $22,583 and $21,623, respectively)	$716,490	$1,108,138
Income taxes payable	8,142	19,642
Accrued liabilities (HEP: $26,341 and $26,321, respectively)	135,983	106,214
Total current liabilities	860,615	1,233,994
Long-term debt (HEP: $1,008,752 and $866,986, respectively)	1,040,040	1,054,297
Deferred income taxes (HEP: $431 and $367, respectively)	497,906	664,279
Other long-term liabilities (HEP: $59,306 and $47,170, respectively)	179,965	176,758
Equity:		
HollyFrontier stockholders' equity:		
Preferred stock, $1.00 par value – 5,000,000 shares authorized; none issued	—	—
Common stock $.01 par value – 320,000,000 shares authorized; 255,962,866 shares issued as of December 31, 2015 and December 31, 2014	2,560	2,560

Additional capital	4,011,052	4,003,628
Retained earnings	3,271,189	2,778,577
Accumulated other comprehensive income (loss)	(4,155)	27,894
Common stock held in treasury, at cost – 75,728,478 and 59,876,776 shares as of December 31, 2015 and December 31, 2014, respectively	(2,027,231)	(1,289,075)
Total HollyFrontier stockholders' equity	5,253,415	5,523,584
Noncontrolling interest	556,358	577,135
Total equity	5,809,773	6,100,719
Total liabilities and equity	$8,388,299	$9,230,047

Parenthetical amounts represent asset and liability balances attributable to Holly Energy Partners, L.P. ("HEP") as of December 31, 2015 and December 31, 2014. HEP is a consolidated variable interest entity.

See accompanying notes.

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HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Years Ended December 31,		
	2015	2014	2013
Sales and other revenues	$13,237,920	$19,764,327	$20,160,560
Operating costs and expenses:			
Cost of products sold (exclusive of depreciation and amortization):			
Cost of products sold (exclusive of lower of cost or market inventory valuation adjustment)	10,239,218	17,228,385	17,392,227
Lower of cost or market inventory valuation adjustment	226,979	397,478	—
	10,466,197	17,625,863	17,392,227
Operating expenses (exclusive of depreciation and amortization)	1,060,373	1,144,940	1,090,850
General and administrative expenses (exclusive of depreciation and amortization)	120,846	114,609	127,963
Depreciation and amortization	346,151	363,381	303,446
Total operating costs and expenses	11,993,567	19,248,793	18,914,486
Income from operations	1,244,353	515,534	1,246,074
Other income (expense):			
Loss of equity method investments	(3,738)	(2,007)	(2,072)
Interest income	3,391	4,430	5,556
Interest expense	(43,470)	(43,646)	(68,050)
Loss on early extinguishment of debt	(1,370)	(7,677)	(22,109)
Gain on sale of assets and other	9,402	866	—
	(35,785)	(48,034)	(86,675)
Income before income taxes	1,208,568	467,500	1,159,399
Income tax provision:			
Current	552,196	334,834	277,172
Deferred	(146,136)	(193,662)	114,404
	406,060	141,172	391,576
Net income	802,508	326,328	767,823
Less net income attributable to noncontrolling interest	62,407	45,036	31,981
Net income attributable to HollyFrontier stockholders	$740,101	$281,292	$735,842
Earnings per share attributable to HollyFrontier stockholders:			
Basic	$3.91	$1.42	$3.66
Diluted	$3.90	$1.42	$3.64
Average number of common shares outstanding:			
Basic	188,731	197,243	200,419
Diluted	188,940	197,428	201,234

See accompanying notes.

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HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Years Ended December 31, 2015	2014	2013
Net income	$802,508	$326,328	$767,823
Other comprehensive income:			
Securities available-for-sale:			
Unrealized gain (loss) on marketable securities	29	(153)	73
Reclassification adjustments to net income on sale or maturity of marketable securities	9	(4)	(39)
Net unrealized gain (loss) on marketable securities	38	(157)	34
Hedging instruments:			
Change in fair value of cash flow hedging instruments	(5,847)	105,414	(7,614)
Reclassification adjustments to net income on settlement of cash flow hedging instruments	(47,492)	(50,682)	(14,318)
Amortization of unrealized loss attributable to discontinued cash flow hedges	1,080	1,080	1,749
Net unrealized gain (loss) on hedging instruments	(52,259)	55,812	(20,183)
Pension and other post-retirement benefit obligations:			
Pension plan loss reclassified to net income	—	—	37,589
Gain (loss) on post-retirement healthcare plan	3,278	(7,434)	3,301
Post-retirement healthcare plan gain reclassified to net income	(3,299)	(4,296)	(4,040)
Gain (loss) on retirement restoration plan	80	(615)	632
Retirement restoration plan loss reclassified to net income	20	920	111
Net change in pension and other post-retirement benefit obligations	79	(11,425)	37,593
Other comprehensive income (loss) before income taxes	(52,142)	44,230	17,444
Income tax expense (benefit)	(20,237)	17,098	5,882
Other comprehensive income (loss)	(31,905)	27,132	11,562
Total comprehensive income	770,603	353,460	779,385
Less noncontrolling interest in comprehensive income	62,551	45,096	34,296
Comprehensive income attributable to HollyFrontier stockholders	$708,052	$308,364	$745,089

See accompanying notes.

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HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income	$802,508	$326,328	$767,823
Adjustments to reconcile net income to net cash provided by operating activities:			
Lower of cost or market inventory adjustment	226,979	397,478	—
Depreciation and amortization	346,151	363,381	303,446
Net loss of equity method investments, inclusive of distributions	8,613	5,257	5,198
(Gain) loss on early extinguishment of debt attributable to unamortized premium / discount	(3,788)	1,489	7,948
Gain on sale of assets	(8,677)	(866)	—
Deferred income taxes	(146,136)	(193,662)	114,404
Equity-based compensation expense	30,367	29,598	35,775
Change in fair value – derivative instruments	38,525	(22,668)	(53,185)
Loss on settlement of retirement benefit obligations, net of contributions	—	—	16,771
(Increase) decrease in current assets:			
Accounts receivable	238,392	108,876	(68,832)
Inventories	(33,717)	(78,842)	(15,929)
Income taxes receivable	11,719	94,237	(34,419)
Prepayments and other	13,291	1,486	1,377
Increase (decrease) in current liabilities:			
Accounts payable	(406,339)	(217,541)	2,068
Income taxes payable	(11,500)	19,642	—
Accrued liabilities	(6,924)	8,047	(41,229)
Turnaround expenditures	(89,365)	(96,803)	(193,920)
Other, net	(30,473)	13,159	21,878
Net cash provided by operating activities	979,626	758,596	869,174
Cash flows from investing activities:			
Additions to properties, plants and equipment	(581,639)	(455,128)	(368,514)
Additions to properties, plants and equipment – HEP	(94,516)	(109,693)	(56,613)
Purchase of equity method investment - HEP	(55,032)	—	—
Proceeds from sale of assets	19,264	16,633	7,802
Acquisition of trucking operations	—	—	(11,301)
Purchases of marketable securities	(509,338)	(1,025,602)	(935,512)
Sales and maturities of marketable securities	839,513	1,276,447	846,143
Other, net	—	5,021	(8,740)
Net cash used for investing activities	(381,748)	(292,322)	(526,735)
Cash flows from financing activities:			
Borrowings under credit agreement – HEP	973,900	642,300	310,600
Repayments under credit agreement – HEP	(832,900)	(434,300)	(368,600)
Redemption of senior notes	(155,156)	—	(300,973)
Redemption of senior notes - HEP	—	(156,188)	—

Proceeds from sale of HEP common units	—	—	73,444
Proceeds from common unit offerings – HEP	—	—	73,444
Purchase of treasury stock	(742,823)	(158,847)	(225,023)
Dividends	(246,908)	(647,197)	(645,920)
Distributions to noncontrolling interest	(83,268)	(78,202)	(71,201)
Excess tax benefit from equity-based compensation	—	2,040	2,562
Other, net	(12,175)	(7,998)	(8,368)
Net cash used for financing activities	(1,099,330)	(838,392)	(1,160,035)
Cash and cash equivalents:			
Decrease for the period	(501,452)	(372,118)	(817,596)
Beginning of period	567,985	940,103	1,757,699
End of period	$66,533	$567,985	$940,103
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$46,442	$55,716	$76,647
Income taxes	$586,447	$237,907	$372,846

See accompanying notes.

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HOLLYFRONTIER CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands)

	HollyFrontier Stockholders' Equity						
	Common Stock	Additional Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interest	Total Equity
Balance at December 31, 2012	$2,560	$3,911,353	$3,054,769	$(8,425)	$(907,303)	$589,704	$6,642,658
Net income	—	—	735,842	—	—	31,981	767,823
Dividends	—	—	(646,131)	—	—	—	(646,131)
Distributions to noncontrolling interest holders	—	—	—	—	—	(71,201)	(71,201)
Other comprehensive income, net of tax	—	—	—	9,247	—	2,315	11,562
Allocated equity on HEP common unit issuances, net of tax	—	54,184	—	—	—	58,702	112,886
Issuance of common stock under incentive compensation plans, net of forfeitures	—	(9,669)	—	—	9,669	—	—
Equity-based compensation, inclusive of tax benefit	—	34,762	—	—	—	3,575	38,337
Purchase of treasury stock	—	—	—	—	(241,238)	—	(241,238)
Purchase of HEP units for restricted grants	—	—	—	—	—	(5,313)	(5,313)
Other	—	—	—	—	—	15	15
Balance at December 31, 2013	$2,560	$3,990,630	$3,144,480	$822	$(1,138,872)	$609,778	$6,609,398
Net income	—	—	281,292	—	—	45,036	326,328
Dividends	—	—	(647,195)	—	—	—	(647,195)
Distributions to noncontrolling interest holders	—	—	—	—	—	(78,202)	(78,202)
Other comprehensive income, net of tax	—	—	—	27,072	—	60	27,132
Issuance of common stock under incentive compensation plans, net of forfeitures	—	(15,101)	—	—	15,101	—	—
Equity-based compensation, inclusive	—	28,099	—	—	—	3,539	31,638

of tax benefit							
Purchase of treasury stock	—	—	—	—	(165,304)	—	(165,304)
Purchase of HEP units for restricted grants	—	—	—	—	—	(3,577)	(3,577)
Other	—	—	—	—	—	501	501
Balance at December 31, 2014	$2,560	$4,003,628	$2,778,577	$ 27,894	$(1,289,075)	$ 577,135	$6,100,719
Net income	—	—	740,101	—	—	62,407	802,508
Dividends	—	—	(247,489)	—	—	—	(247,489)
Distributions to noncontrolling interest holders	—	—	—	—	—	(83,268)	(83,268)
Other comprehensive income (loss), net of tax	—	—	—	(32,049)	—	144	(31,905)
Issuance of common stock under incentive compensation plans, net of forfeitures	—	(14,958)	—	—	14,958	—	—
Equity-based compensation, inclusive of tax benefit	—	22,382	—	—	—	3,483	25,865
Purchase of treasury stock	—	—	—	—	(753,114)	—	(753,114)
Purchase of HEP units for restricted grants	—	—	—	—	—	(3,555)	(3,555)
Other	—	—	—	—	—	12	12
Balance at December 31, 2015	$2,560	$4,011,052	$3,271,189	$ (4,155)	$(2,027,231)	$ 556,358	$5,809,773

See accompanying notes.

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HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: Description of Business and Summary of Significant Accounting Policies

Description of Business: References herein to HollyFrontier Corporation (“HollyFrontier”) include HollyFrontier and its consolidated subsidiaries. In accordance with the Securities and Exchange Commission’s (“SEC”) “Plain English” guidelines, this Annual Report on Form 10-K has been written in the first person. In these financial statements, the words “we,” “our,” “ours” and “us” refer only to HollyFrontier and its consolidated subsidiaries or to HollyFrontier or an individual subsidiary and not to any other person, with certain exceptions. Generally, the words “we,” “our,” “ours” and “us” include Holly Energy Partners, L.P. (“HEP”) and its subsidiaries as consolidated subsidiaries of HollyFrontier, unless when used in disclosures of transactions or obligations between HEP and HollyFrontier or its other subsidiaries. These financial statements contain certain disclosures of agreements that are specific to HEP and its consolidated subsidiaries and do not necessarily represent obligations of HollyFrontier. When used in descriptions of agreements and transactions, “HEP” refers to HEP and its consolidated subsidiaries.

We are principally an independent petroleum refiner that produces high-value light products such as gasoline, diesel fuel, jet fuel, specialty lubricant products, and specialty and modified asphalt. We own and operate petroleum refineries that serve markets throughout the Mid-Continent, Southwest and Rocky Mountain regions of the United States. As of December 31, 2015, we:

- owned and operated a petroleum refinery in El Dorado, Kansas (the “El Dorado Refinery”), two refinery facilities located in Tulsa, Oklahoma (collectively, the “Tulsa Refineries”), a refinery in Artesia, New Mexico that is operated in conjunction with crude oil distillation and vacuum distillation and other facilities situated 65 miles away in Lovington, New Mexico (collectively, the “Navajo Refinery”), a refinery located in Cheyenne, Wyoming (the “Cheyenne Refinery”) and a refinery in Woods Cross, Utah (the “Woods Cross Refinery”);
- owned and operated HollyFrontier Asphalt Company (“HFC Asphalt”), formerly known as NK Asphalt Partners, which operates various asphalt terminals in Arizona, New Mexico and Oklahoma; and
- owned a 39% interest in HEP, a consolidated variable interest entity (“VIE”), which includes our 2% general partner interest.

Principles of Consolidation: Our consolidated financial statements include our accounts and the accounts of partnerships and joint ventures that we control through an ownership interest greater than 50% or through a controlling financial interest with respect to variable interest entities. All significant intercompany transactions and balances have been eliminated.

Variable Interest Entities: HEP is a VIE as defined under U.S. generally accepted accounting principles (“GAAP”). A VIE is a legal entity whose equity owners do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or, as a group, the equity holders lack the power, through voting rights, to direct the activities that most significantly impact the entity's financial performance, the obligation to absorb the entity's expected losses or rights to expected residual returns. As the general partner of HEP, we have the sole ability to direct the activities of HEP that most significantly impact HEP's financial performance, and therefore we consolidate HEP.

Use of Estimates: The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents: We consider all highly liquid instruments with a maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates market value and are primarily invested in highly-rated instruments issued by government or municipal entities with strong credit standings.

Marketable Securities: We consider all marketable debt securities with maturities greater than three months at the date of purchase to be marketable securities. Our marketable securities consist of certificates of deposit, commercial paper, corporate debt securities and government and municipal debt securities with the maximum maturity or put date of any individual issue generally not more than two years, while the maximum duration of the portfolio of investments is not greater than one year. These instruments are classified as available-for-sale, and as a result, are reported at fair value. Unrealized gains and losses, net of related income taxes, are reported as a component of accumulated other comprehensive income.

Balance Sheet Offsetting: We purchase and sell inventories of crude oil with certain same-parties that are net settled in accordance with contractual net settlement provisions. Our policy is to present such balances on a net basis because it more appropriately presents our economic resources (accounts receivable) and claims against us (accounts payable) and the future cash flows associated with such assets and liabilities.

Accounts Receivable: Our accounts receivable consist of amounts due from customers that are primarily companies in the petroleum industry. Credit is extended based on our evaluation of the customer's financial condition, and in certain circumstances collateral, such as letters of credit or guarantees, is required. We reserve for doubtful accounts based on our historical loss experience as well as specific accounts identified as high risk, which historically have been minimal. Credit losses are charged to the allowance for doubtful accounts when an account is deemed uncollectible. Our allowance for doubtful accounts was $2.3 million and $2.4 million at December 31, 2015 and 2014, respectively.

Accounts receivable attributable to crude oil resales generally represent the sell side of excess crude oil sales to other purchasers and / or users in cases when our crude oil supplies are in excess of our immediate needs as well as certain reciprocal buy / sell exchanges of crude oil. At times we enter into such buy / sell exchanges to facilitate the delivery of quantities to certain locations. In many cases, we enter into net settlement agreements relating to the buy / sell arrangements, which may mitigate credit risk.

Inventories: Inventories are stated at the lower of cost, using the last-in, first-out (“LIFO”) method for crude oil, unfinished and finished refined products and the average cost method for materials and supplies, or market. Cost, consisting of raw material, transportation and conversion costs, is determined using the LIFO inventory valuation methodology and market is determined using current replacement costs. Under the LIFO method, the most recently incurred costs are charged to cost of sales and inventories are valued at the earliest acquisition costs. In periods of rapidly declining prices, LIFO inventories may have to be written down to market value due to the higher costs assigned to LIFO layers in prior periods. In addition, the use of the LIFO inventory method may result in increases or decreases to cost of sales in years that inventory volumes decline as the result of charging cost of sales with LIFO inventory costs generated in prior periods. An actual valuation of inventory under the LIFO method is made at the end of each year based on the inventory levels at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and are subject to the final year-end LIFO inventory valuation.

At December 31, 2015, and 2014, market values had fallen below historical LIFO inventory costs and, as a result, we recorded lower of cost or market inventory valuation reserves of $624.5 million and $397.5 million, respectively.

Derivative Instruments: All derivative instruments are recognized as either assets or liabilities in our consolidated balance sheets and are measured at fair value. Changes in the derivative instrument's fair value are recognized in earnings unless specific hedge accounting criteria are met. See Note 12 for additional information.

Long-lived assets: We calculate depreciation and amortization based on estimated useful lives of our assets. We evaluate long-lived assets for potential impairment by identifying whether indicators of impairment exist and, if so, assessing whether the long-lived assets are recoverable from estimated future undiscounted cash flows. The actual amount of impairment loss, if any, to be recorded is equal to the amount by which a long-lived asset's carrying value exceeds its fair value, which is generally determined under an income approach using the forecasted cash flows associated with the underlying asset. Estimates of future cash flows require subjective assumptions with regard to future operating results and actual results could differ from those estimates. No impairments of long-lived assets were recorded during the years ended December 31, 2015, 2014 and 2013.

Asset Retirement Obligations: We record legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and / or the normal operation of long-lived assets. The fair value of the estimated cost to retire a tangible long-lived asset is recorded as a liability with the associated retirement costs capitalized as part of the asset's carrying amount in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made. If a reasonable estimate cannot be made at the time the liability is incurred, we record the liability when sufficient information is available to estimate the liability's fair value. Certain of our refining assets have no recorded liability for asset retirement obligations since the timing of any retirement and related costs are currently indeterminable.

Our asset retirement obligations were $20.7 million and $19.8 million at December 31, 2015 and 2014, respectively, which are included in “Other long-term liabilities” in our consolidated balance sheets. Accretion expense was insignificant for the years ended December 31, 2015, 2014 and 2013.

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Intangibles and Goodwill: Intangible assets are assets (other than financial assets) that lack physical substance. Goodwill represents the excess of the cost of an acquired entity over the fair value of the assets acquired less liabilities assumed. Goodwill acquired in a business combination and intangible assets with indefinite useful lives are not amortized while, intangible assets with finite useful lives are amortized on a straight-line basis. Goodwill and intangible assets not subject to amortization are tested for impairment annually or more frequently if events or changes in circumstances indicate the asset might be impaired. Our analysis entails a comparison of the estimated fair value of these assets that are derived using a combination of both income (discounted future expected net cash flows) and comparable market approaches against their respective carrying values. Estimates of future cash flows and fair value of assets require subjective assumptions with regard to future operating results and actual results could differ from those estimates.

In addition to goodwill, our consolidated HEP assets include a third-party transportation agreement that currently generates minimum annual cash inflows of $26.2 million and has an expected remaining term through 2035. The transportation agreement is being amortized on a straight-line basis through 2035 that results in annual amortization expense of $2.0 million. The balance of this transportation agreement was $38.5 million and $40.5 million at December 31, 2015 and 2014, respectively, and is presented net of accumulated amortization of $21.7 million and $19.7 million, respectively, in “Intangibles and other” in our consolidated balance sheets. There were no impairments of intangible assets or goodwill during the years ended December 31, 2015, 2014 and 2013.

Investments in Joint Ventures: We consolidate the financial and operating results of joint ventures in which we have an ownership interest of greater than 50% and use the equity method of accounting for investments in which we have a noncontrolling interest. Under the equity method of accounting, we record our pro-rata share of earnings, and contributions to and distributions from joint ventures as adjustments to our investment balance.

HEP has a 50% joint venture interest in Frontier Pipeline Company, the owner of a pipeline running from Wyoming to Frontier Station, Utah (the “Frontier Pipeline”), and a 25% joint venture interest in SLC Pipeline, LLC, the owner of a pipeline (the “SLC Pipeline”) that serves refineries in the Salt Lake City, Utah area, that are accounted for using the equity method of accounting. As of December 31, 2015, HEP's underlying equity in the Frontier Pipeline was $12.6 million compared to its recorded investment balance of $55.2 million, a difference of $42.6 million. The difference is attributable to the fair value of the fixed assets purchased. As of December 31, 2015, HEP's underlying equity in the SLC Pipeline was $57.7 million compared to its recorded investment balance of $24.3 million, a difference of $33.4 million. This is attributable to the difference between HEP's contributed capital and its allocated equity at formation of the SLC Pipeline. The differences are being amortized as adjustments to HEP's pro-rata share of earnings in the joint ventures.

Revenue Recognition: Refined product sales and related cost of sales are recognized when products are shipped and title has passed to customers. HEP recognizes pipeline transportation revenues as products are shipped through its pipelines. All revenues are reported inclusive of shipping and handling costs billed and exclusive of any taxes billed to customers. Shipping and handling costs incurred are reported in cost of products sold.

Depreciation: Depreciation is provided by the straight-line method over the estimated useful lives of the assets, primarily 20 to 25 years for refining, pipeline and terminal facilities, 10 to 40 years for buildings and improvements, 5 to 30 years for other fixed assets and 5 years for vehicles.

Cost Classifications: Costs of products sold include the cost of crude oil, other feedstocks, blendstocks and purchased finished products, inclusive of transportation costs. We purchase crude oil that at times exceeds the supply needs of our refineries. Quantities in excess of our needs are sold at market prices to purchasers of crude oil that are recorded on a gross basis with the sales price recorded as revenues and the corresponding acquisition cost as cost of products sold. Additionally, we enter into buy / sell exchanges of crude oil with certain parties to facilitate the delivery of quantities to certain locations that are netted at cost. Operating expenses include direct costs of labor, maintenance materials and services, utilities, marketing expense and other direct operating costs. General and administrative expenses include compensation, professional services and other support costs.

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Deferred Maintenance Costs: Our refinery units require regular major maintenance and repairs which are commonly referred to as "turnarounds." Catalysts used in certain refinery processes also require regular "change-outs." The required frequency of the maintenance varies by unit and by catalyst, but generally is every two to five years. Turnaround costs are deferred and amortized over the period until the next scheduled turnaround. Other repairs and maintenance costs are expensed when incurred. Deferred turnaround and catalyst amortization expense was $107.8 million, $96.9 million and $84.8 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Environmental Costs: Environmental costs are charged to operating expenses if they relate to an existing condition caused by past operations and do not contribute to current or future revenue generation. Liabilities are recorded when site restoration and environmental remediation, cleanup and other obligations are either known or considered probable and can be reasonably estimated. Such estimates are undiscounted and require judgment with respect to costs, time frame and extent of required remedial and clean-up activities and are subject to periodic adjustments based on currently available information. Recoveries of environmental costs through insurance, indemnification arrangements or other sources are included in other assets to the extent such recoveries are considered probable.

Contingencies: We are subject to proceedings, lawsuits and other claims related to environmental, labor, product and other matters. We are required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of reserves required, if any, for these contingencies is made after careful analysis of each individual issue. The required reserves may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

Income Taxes: Provisions for income taxes include deferred taxes resulting from temporary differences in income for financial and tax purposes, using the liability method of accounting for income taxes. The liability method requires the effect of tax rate changes on deferred income taxes to be reflected in the period in which the rate change was enacted. The liability method also requires that deferred tax assets be reduced by a valuation allowance unless it is more likely than not that the assets will be realized.

Potential interest and penalties related to income tax matters are recognized in income tax expense. We believe we have appropriate support for the income tax positions taken and to be taken on our income tax returns and that our accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations of tax law applied to the facts of each matter.

New Accounting Pronouncements

Revenue Recognition
In May 2014, an accounting standard update (ASU 2014-09, "Revenue from Contracts with Customers") was issued requiring revenue to be recognized when promised goods or services are transferred to customers in an amount that reflects the expected consideration for these goods or services. This standard has an effective date of January 1, 2018, and we are evaluating the impact of this standard.

Debt Issuance Costs
In April 2015, an accounting standard update (ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs") was issued requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of a respective debt liability. We adopted this standard effective

December 31, 2015 (on a retrospective basis) and have recast our December 31, 2014 consolidated balance sheet. As a result, $0.6 million of deferred debt issuance costs previously classified as non-current assets under “Intangibles and other assets” have been reclassified as a direct reduction to long-term debt.

Deferred income taxes

In November 2015, an accounting standard update (ASU 2015-17, “Balance Sheet Classification of Deferred Taxes”) was issued requiring deferred tax liabilities and assets to be classified as noncurrent amounts. We adopted this standard effective December 31, 2015 (on a retrospective basis) and have recast our December 31, 2014 consolidated balance sheet. As a result, $17.4 million of deferred income tax liabilities previously classified as current liabilities have been reclassified as noncurrent deferred income tax liabilities.

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NOTE 2: Holly Energy Partners

HEP, a consolidated VIE, is a publicly held master limited partnership that owns and operates logistic assets consisting of petroleum product and crude oil pipelines, terminals, tankage, loading rack facilities and refinery processing units that principally support our refining and marketing operations in the Mid-Continent, Southwest and Rocky Mountain regions of the United States and Alon USA, Inc.'s (“Alon”) refinery in Big Spring, Texas. Additionally, HEP owns a 75% interest in UNEV Pipeline, LLC (“UNEV”), the owner of pipeline running from Woods Cross, Utah to Las Vegas, Nevada (the “UNEV Pipeline”) and associated product terminals, a 50% interest in the Frontier Pipeline, and a 25% interest in the SLC Pipeline.

As of December 31, 2015, we owned a 39% interest in HEP, including the 2% general partner interest. As the general partner of HEP, we have the sole ability to direct the activities that most significantly impact HEP's financial performance, and therefore we consolidate HEP.

HEP has two primary customers (including us) and generates revenues by charging tariffs for transporting petroleum products and crude oil though its pipelines, by charging fees for terminalling refined products and other hydrocarbons, and storing and providing other services at its storage tanks and terminals. Under our long-term transportation agreements with HEP (discussed further below), we accounted for 81% of HEP’s total revenues for the year ended December 31, 2015. We do not provide financial or equity support through any liquidity arrangements and / or debt guarantees to HEP.

HEP has outstanding debt under a senior secured revolving credit agreement and its senior notes. With the exception of the assets of HEP Logistics Holdings, L.P., one of our wholly-owned subsidiaries and HEP’s general partner, HEP’s creditors have no recourse to our other assets. Any recourse to HEP’s general partner would be limited to the extent of HEP Logistics Holdings, L.P.’s assets, which other than its investment in HEP, are not significant. Furthermore, our creditors have no recourse to the assets of HEP and its consolidated subsidiaries. See Note 11 for a description of HEP’s debt obligations.

HEP has risk associated with its operations. If a major customer of HEP were to terminate its contracts or fail to meet desired shipping or throughput levels for an extended period of time, revenue would be reduced and HEP could suffer substantial losses to the extent that a new customer is not found. In the event that HEP incurs a loss, our operating results will reflect HEP’s loss, net of intercompany eliminations, to the extent of our ownership interest in HEP at that point in time.

Magellan Asset Exchange
On February 22, 2016, we obtained a 50% membership interest in Osage Pipe Line Company, LLC (“Osage”) in a non-monetary exchange for a 20-year terminalling services agreement, whereby, a subsidiary of Magellan Midstream Partners (“Magellan Midstream”) will provide terminalling services for all of our products originating in Artesia, New Mexico that require terminalling in or through El Paso, Texas. Osage is the owner of the Osage pipeline, a 135-mile pipeline that transports crude oil from Cushing, Oklahoma to our El Dorado Refinery in Kansas and also has a connection to the Jayhawk pipeline that services the CHS refinery in McPherson, Kansas. The Osage pipeline is the primary pipeline that supplies our El Dorado Refinery with crude oil.

Concurrent with this transaction, we entered into a nonmonetary exchange with HEP; whereby, we received HEP’s El Paso terminal in exchange for our interest in Osage. Under this exchange, HEP also agreed to build two connections on its south products pipeline system that will permit us access to Magellan Midstream’s El Paso terminal. Effective upon the closing of this exchange, HEP is the named operator of the Osage pipeline and is working to transition into that role.

El Dorado Asset Transaction

On November 1, 2015, HEP acquired from us newly constructed naphtha fractionation and hydrogen generation units at our El Dorado Refinery for cash consideration of $62.0 million. In connection with this transaction, we entered into 15-year tolling agreements containing minimum quarterly throughput commitments that provide minimum annualized payments to HEP of $15.3 million.

Frontier Pipeline Interest Transaction

On August 31, 2015, HEP purchased a 50% interest in Frontier Pipeline Company, owner of the Frontier Pipeline, from an affiliate of Enbridge, Inc. for $55.0 million. Frontier Pipeline will continue to be operated by an affiliate of Plains All American Pipeline, L.P., which owns the remaining 50% interest. The 289-mile crude oil pipeline runs from Casper, Wyoming to Frontier Station, Utah and has a 72,000 BPD capacity. The Frontier Pipeline supplies Canadian and Rocky Mountain crudes to Salt Lake City area refiners through a connection to the SLC Pipeline.

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Transportation Agreements
HEP serves our refineries under long-term pipeline, terminal, tankage and refinery processing unit throughput agreements expiring from 2019 through 2030. Under these agreements, we pay HEP fees to transport, store and process throughput volumes of refined products, crude oil and feedstocks on HEP's pipelines, terminals, tankage, loading rack facilities and refinery processing units that result in minimum annual payments to HEP, including UNEV (a consolidated subsidiary of HEP). Under these agreements, the agreed upon tariff rates are subject to annual tariff rate adjustments on July 1 at a rate based upon the percentage change in Producer Price Index or Federal Energy Regulatory Commission index. As of December 31, 2015, these agreements result in minimum annualized payments to HEP of $244.9 million.

Our transactions with HEP including the acquisitions discussed above and fees paid under our transportation agreements with HEP and UNEV are eliminated and have no impact on our consolidated financial statements.

HEP's recent common unit issuances (2013 through present) are summarized below:

2013 Issuances
In March 2013, HEP closed on a public offering of 1,875,000 of its common units. Additionally, our wholly-owned subsidiary, HollyFrontier Holdings LLC, as a selling unitholder, closed on a public sale of 1,875,000 HEP common units held by it. HEP used net proceeds of $73.4 million to repay indebtedness incurred under its credit facility and for general partnership purposes.

As a result of this transaction and resulting HEP ownership changes, we adjusted additional capital and equity attributable to HEP's noncontrolling interest holders to effectively reallocate a portion of HEP's equity among its unitholders.

NOTE 3: Financial Instruments

Our financial instruments consist of cash and cash equivalents, investments in marketable securities, accounts receivable, accounts payable, debt and derivative instruments. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value. HEP's outstanding credit agreement borrowings also approximate fair value as interest rates are reset frequently at current interest rates.

Fair value measurements are derived using inputs (assumptions that market participants would use in pricing an asset or liability, including assumptions about risk). GAAP categorizes inputs used in fair value measurements into three broad levels as follows:

- (Level 1) Quoted prices in active markets for identical assets or liabilities.
- (Level 2) Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, similar assets and liabilities in markets that are not active or can be corroborated by observable market data.
- (Level 3) Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes valuation techniques that involve significant unobservable inputs.

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The carrying amounts and estimated fair values of investments in marketable securities, derivative instruments and senior notes at December 31, 2015 and December 31, 2014 were as follows:

			Fair Value by Input Level		
Financial Instrument	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
		(In thousands)			
December 31, 2015					
Assets:					
Marketable securities	$144,019	$144,019	$—	$144,019	$—
NYMEX futures contracts	3,469	3,469	3,469	—	—
Commodity price swaps	37,097	37,097	—	37,097	—
HEP interest rate swaps	304	304	—	304	—
Total assets	$184,889	$184,889	$3,469	$181,420	$—
Liabilities:					
Commodity price swaps	$98,930	$98,930	$—	$98,930	$—
HEP senior notes	296,752	295,500	—	295,500	—
HEP interest rate swaps	114	114	—	114	—
Total liabilities	$395,796	$394,544	$—	$394,544	$—

			Fair Value by Input Level		
Financial Instrument	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
	(In thousands)				
December 31, 2014					
Assets:					
Marketable securities	$474,110	$474,110	$—	$474,110	$—
NYMEX futures contract	17,619	17,619	17,619	—	—
Commodity price swaps	208,296	208,296	—	208,296	—
HEP interest rate swaps	1,019	1,019	—	1,019	—
Total assets	$701,044	$701,044	$17,619	$683,425	$—
Liabilities:					
Commodity price swaps	$196,897	$196,897	$—	$196,897	$—
HollyFrontier senior notes	154,144	155,250	—	155,250	—
HEP senior notes	295,986	291,000	—	291,000	—
HEP interest rate swaps	1,065	1,065	—	1,065	—
Total liabilities	$648,092	$644,212	$—	$644,212	$—

Level 1 Financial Instruments
Our NYMEX futures contracts are exchange traded and are measured and recorded at fair value using quoted market prices, a Level 1 input.

Level 2 Financial Instruments

Investments in marketable securities and derivative instruments consisting of commodity price swaps and HEP's interest rate swaps are measured and recorded at fair value using Level 2 inputs. The fair values of the commodity price and interest rate swap contracts are based on the net present value of expected future cash flows related to both variable and fixed rate legs of the respective swap agreements. The measurements are computed using market-based observable inputs, quoted forward commodity prices with respect to our commodity price swaps and the forward London Interbank Offered Rate (“LIBOR”) yield curve with respect to HEP's interest rate swaps. The fair value of the marketable securities and senior notes is based on values provided by a third party, which were derived using market quotes for similar type instruments, a Level 2 input.

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Level 3 Financial Instruments

We at times have forward commodity sales and purchase contracts for which quoted forward market prices are not readily available. The forward rate used to value these forward sales and purchase contracts are derived using a projected forward rate using quoted market rates for similar products, adjusted for regional pricing and grade differentials, a Level 3 input.

The following table presents the changes in fair value of our Level 3 assets and liabilities (all related to derivative instruments) for the years ended December 31, 2015 and 2014:

	Years Ended December 31,	
Level 3 Financial Instruments	2015	2014
	(In thousands)	
Liability balance at beginning of period	$—	$(35,318)
Change in fair value:		
Recognized in other comprehensive income	3,852	304,275
Recognized in cost of products sold	—	14,876
Settlement date fair value of contractual maturities:		
Recognized in sales and other revenues	(3,852)	(88,326)
Recognized in cost of products sold	—	(21,848)
Transfer out of Level 3	—	(173,659)
Liability balance at end of period	$—	$—

NOTE 4: Earnings Per Share

Basic earnings per share is calculated as net income attributable to HollyFrontier stockholders divided by the average number of shares of common stock outstanding. Diluted earnings per share assumes, when dilutive, the issuance of the net incremental shares from restricted shares and performance share units. The following is a reconciliation of the denominators of the basic and diluted per share computations for net income attributable to HollyFrontier stockholders:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands, except per share data)		
Net income attributable to HollyFrontier stockholders	$740,101	$281,292	$735,842
Participating securities' share in earnings	2,306	820	2,754
Net income attributable to common shares	$737,795	$280,472	$733,088
Average number of shares of common stock outstanding	188,731	197,243	200,419
Effect of dilutive variable restricted shares and performance share units (1)	209	185	815
Average number of shares of common stock outstanding assuming dilution	188,940	197,428	201,234
Basic earnings per share	$3.91	$1.42	$3.66
Diluted earnings per share	$3.90	$1.42	$3.64
(1) Excludes anti-dilutive restricted and performance share units of:	89	356	166

NOTE 5: Stock-Based Compensation

As of December 31, 2015, we have two principal share-based compensation plans (collectively, the “Long-Term Incentive Compensation Plan”).

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The compensation cost charged against income for these plans was $26.9 million, $26.1 million and $32.2 million for the years ended December 31, 2015, 2014 and 2013, respectively. Our accounting policy for the recognition of compensation expense for awards with pro-rata vesting is to expense the costs ratably over the vesting periods.

Additionally, HEP maintains a share-based compensation plan for Holly Logistic Services, L.L.C.'s non-employee directors and certain executives and employees. Compensation cost attributable to HEP’s share-based compensation plan was $3.5 million, $3.5 million and $3.6 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Restricted Stock and Restricted Stock Units
Under our Long-Term Incentive Compensation Plan, we grant certain officers and other key employees restricted stock and restricted stock unit awards with awards generally vesting over a period of one to three years. Restricted stock award recipients are generally entitled to all the rights of absolute ownership of the restricted shares from the date of grant including the right to vote the shares and to receive dividends. Upon vesting, restrictions on the restricted shares lapse at which time they convert to common shares. In addition, we grant non-employee directors restricted stock unit awards, which typically vest over a period of one year and are payable in stock. The fair value of each restricted stock and restricted stock unit award is measured based on the grant date market price of our common shares and is amortized over the respective vesting period.

A summary of restricted stock and restricted stock unit activity and changes during the year ended December 31, 2015 is presented below:

Restricted Stock and Restricted Stock Units	Grants	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value ($000)
Outstanding at January 1, 2015 (non-vested)	669,777	$44.12	
Granted	447,544	49.92	
Vesting (transfer/conversion to common stock)	(337,159)	42.03	
Forfeited	(57,637)	48.40	
Outstanding at December 31, 2015 (non-vested)	722,525	$48.35	$27,950

For the years ended December 31, 2015, 2014 and 2013, restricted stock and restricted stock units vested having a grant date fair value of $14.2 million, $18.2 million and $16.2 million, respectively. For the years ended December 31, 2014 and 2013, we granted restricted stock and restricted stock units having a weighted average grant date fair value of $42.03 and $42.00, respectively. As of December 31, 2015, there was $23.7 million of total unrecognized compensation cost related to non-vested restricted stock and restricted stock unit grants. That cost is expected to be recognized over a weighted-average period of 1.6 years.

Performance Share Units
Under our Long-Term Incentive Compensation Plan, we grant certain officers and other key employees performance share units, which are payable in stock upon meeting certain criteria over the service period, and generally vest over a period of three years. Under the terms of our performance share unit grants, awards are subject to “financial performance” and “market performance” criteria. Financial performance is based on our financial performance compared to a peer group of independent refining companies, while market performance is based on the relative standing of total shareholder return achieved by HollyFrontier compared to peer group companies. The number of shares ultimately

issued under these awards can range from zero to 200% of target award amounts. As of December 31, 2015, estimated share payouts for outstanding non-vested performance share unit awards averaged approximately 85% of target amounts.

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A summary of performance share unit activity and changes during the year ended December 31, 2015 is presented below:

Performance Share Units	Grants
Outstanding at January 1, 2015 (non-vested)	725,054
Granted	209,589
Vesting and transfer of ownership to recipients	(209,592)
Forfeited	(87,113)
Outstanding at December 31, 2015 (non-vested)	637,938

For the year ended December 31, 2015, we issued 136,896 shares of common stock, representing a 65% payout on vested performance share units having a grant date fair value of $10.4 million. For the years ended December 31, 2014 and 2013, we issued common stock upon the vesting of the performance share units having a grant date fair value of $14.3 million and $11.6 million, respectively. As of December 31, 2015, there was $16.4 million of total unrecognized compensation cost related to non-vested performance share units having a grant date fair value of $45.86 per unit. That cost is expected to be recognized over a weighted-average period of 1.8 years.

NOTE 6: Cash and Cash Equivalents and Investments in Marketable Securities

Our investment portfolio at December 31, 2015 consisted of cash, cash equivalents and investments in marketable securities.

We currently invest in marketable debt securities with the maximum maturity or put date of any individual issue generally not greater than one year from the date of purchase, which are usually held until maturity. All of these instruments are classified as available-for-sale. As a result, they are reported at fair value using quoted market prices. Interest income is recorded as earned. Unrealized gains and losses, net of related income taxes, are reported as a component of accumulated other comprehensive income (loss). Upon sale or maturity, realized gains on our marketable debt securities are recognized as interest income. These gains are computed based on the specific identification of the underlying cost of the securities, net of unrealized gains and losses previously reported in other comprehensive income. Unrealized gains and losses on our available-for-sale securities are due to changes in market prices and are considered temporary.

The following is a summary of our marketable securities:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value (Net Carrying Amount)
	(In thousands)			
December 31, 2015				
Commercial paper	$22,876	$1	$(2)	$22,875
Corporate debt securities	32,311	—	(41)	32,270
State and political subdivisions debt securities	88,935	6	(67)	88,874
Total marketable securities	$144,122	$7	$(110)	$144,019
December 31, 2014				
Certificates of deposit	$54,000	$10	$—	$54,010

Commercial paper	52,297	7	(4)	52,300
Corporate debt securities	136,181	1	(94)	136,088
State and political subdivisions debt securities	231,819	5	(112)	231,712
Total marketable securities	$474,297	$23	$(210)	$474,110

Interest income recognized on our marketable securities was $1.9 million and $2.2 million for the years ended December 31, 2015 and 2014, respectively.

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NOTE 7: Inventories

Inventory consists of the following components:

	December 31, 2015	2014
	(In thousands)	
Crude oil	$518,922	$581,592
Other raw materials and unfinished products(1)	214,832	204,467
Finished products(2)	603,568	531,523
Lower of cost or market reserve	(624,457)	(397,478)
Process chemicals(3)	4,477	4,028
Repairs and maintenance supplies and other	124,527	110,999
Total inventory	$841,869	$1,035,131

(1) Other raw materials and unfinished products include feedstocks and blendstocks, other than crude.
(2) Finished products include gasolines, jet fuels, diesels, lubricants, asphalts, LPG's and residual fuels.
(3) Process chemicals include additives and other chemicals.

Crude oil, other raw materials, unfinished products and finished products are carried at the lower of cost or market. Cost is determined principally under the LIFO valuation method to reflect a better matching of cost and revenue. Ending inventory costs in excess of market values are written down to current replacement costs and charged to cost of products sold in the period recorded. In subsequent periods a new lower of cost or market reserve determination is made based on current conditions. We determine the need for a lower of cost or market inventory adjustment by evaluating inventories on an aggregate basis.

Inventories reflect lower of cost or market valuation reserves of $624.5 million and $397.5 million at December 31, 2015 and 2014, respectively. During 2015, the December 31, 2014 market valuation reserve of $397.5 million was reversed as inventory quantities giving rise to the 2014 reserve were sold. A new reserve of $624.5 million was established at December 31, 2015 based on market conditions at that time. The effect of the change in the lower of cost or market reserve was a $227.0 million and $397.5 million increase to cost of products sold for the years ended December 31, 2015 and 2014, respectively.

At December 31, 2015 and 2014, the LIFO value of inventory, net of the lower of cost or market reserve, was equal to current costs. The excess of current cost over the LIFO value of inventory was $273.0 million at December 31, 2013.

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NOTE 8: Properties, Plants and Equipment

The components of properties, plants and equipment are as follows:

	December 31, 2015	2014
	(In thousands)	
Land, buildings and improvements	$305,712	$255,260
Refining facilities	2,833,125	2,634,432
Pipelines and terminals	1,321,398	1,226,923
Transportation vehicles	21,289	35,178
Other fixed assets	158,401	136,545
Construction in progress	850,264	564,103
	5,490,189	4,852,441
Accumulated depreciation	(1,374,527)	(1,181,902)
	$4,115,662	$3,670,539

We capitalized interest attributable to construction projects of $5.5 million, $11.8 million and $12.1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Depreciation expense was $233.3 million, $261.8 million and $213.6 million for the years ended December 31, 2015, 2014 and 2013, respectively. For the years ended December 31, 2015, 2014 and 2013, depreciation expense included $58.7 million, $58.1 million and $62.3 million, respectively, attributable to HEP operations.

NOTE 9: Goodwill

We performed our annual goodwill impairment testing as of July 1, 2015, which entailed an assessment of our reporting unit fair values relative to their respective carrying values that were derived using a combination of both income and market approaches. Our income approach utilizes the discounted future expected cash flows. Our market approach, which includes both the guideline public company and guideline transaction methods, utilizes pricing multiples derived from historical market transactions of other like-kind assets. Our discounted cash flows reflect estimates of future cash flows based on both historical and forward crack-spreads, forecasted production levels, operating costs and capital expenditures. Based on our testing as of July 1, 2015, the fair value of our Cheyenne reporting unit exceeded its carrying cost by approximately 8%. The fair value of our El Dorado and HEP reporting units substantially exceeded their respective carrying values. As of December 31, 2015, there have been no impairments to goodwill.

Historically, the refining industry has experienced significant fluctuations in operating results over an extended business cycle including changes in prices of crude oil and refined products, changes in operating costs including natural gas and higher costs of complying with government regulations. It is reasonably possible that at some future downturn in refining operations that the goodwill related to our Cheyenne Refinery will be determined to be impaired. Such impairment charges could be material.

As of December 31, 2015, we had goodwill assigned to our refining and HEP segments of $2,042.8 million and $289.0 million, respectively.

NOTE 10: Environmental

We expensed $14.7 million, $28.5 million and $13.2 million for the years ended December 31, 2015, 2014 and 2013, respectively, for environmental remediation obligations. The accrued environmental liability reflected in our consolidated balance sheets was $98.1 million and $104.5 million at December 31, 2015 and 2014, respectively, of which $83.5 million and $81.8 million, respectively, were classified as other long-term liabilities. These accruals include remediation and monitoring costs expected to be incurred over an extended period of time (up to 30 years for certain projects). The amount of our accrued liability could increase in the future when the results of ongoing investigations become known, are considered probable and can be reasonably estimated.

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NOTE 11: Debt

HollyFrontier Credit Agreement
We have a $1 billion senior unsecured revolving credit facility maturing in July 2019 (the “HollyFrontier Credit Agreement”) which may be used for revolving credit loans and letters of credit from time to time and is available to fund general corporate purposes. Indebtedness under the HollyFrontier Credit Agreement is recourse to HollyFrontier. At December 31, 2015, we were in compliance with all covenants, had no outstanding borrowings and had outstanding letters of credit totaling $6.0 million under the HollyFrontier Credit Agreement.

HEP Credit Agreement
HEP has an $850 million senior secured revolving credit facility that matures in November 2018 (the “HEP Credit Agreement”) and is available to fund capital expenditures, investments, acquisitions, distribution payments and working capital and for general partnership purposes. It is also available to fund letters of credit up to a $50 million sub-limit. At December 31, 2015, HEP was in compliance with all of its covenants, had outstanding borrowings of $712.0 million and no outstanding letters of credit under the HEP Credit Agreement.

Indebtedness under the HEP Credit Agreement bears interest, at HEP's option, at either a reference rate announced by the administrative agent plus an applicable margin or at a rate equal to LIBOR plus an applicable margin. In each case, the applicable margin is based upon the ratio of HEP’s funded debt to earnings before interest, taxes, depreciation and amortization (as defined in the HEP Credit Agreement). The weighted average interest rates in effect on HEP’s Credit Agreement borrowings were 2.572% and 2.152% at December 31, 2015 and 2014, respectively.

HEP’s obligations under the HEP Credit Agreement are collateralized by substantially all of HEP’s assets. Indebtedness under the HEP Credit Agreement involves recourse to HEP Logistics Holdings, L.P., its general partner, and is guaranteed by HEP’s wholly-owned subsidiaries. Any recourse to the general partner would be limited to the extent of HEP Logistics Holdings, L.P.’s assets, which other than its investment in HEP, are not significant. HEP’s creditors have no recourse to our other assets. Furthermore, our creditors have no recourse to the assets of HEP and its consolidated subsidiaries.

HollyFrontier Senior Notes
In June 2015, we redeemed our $150.0 million aggregate principal amount of 6.875% senior notes maturing November 2018 at a redemption cost of $155.2 million at which time we recognized a $1.4 million early extinguishment loss consisting of a $5.2 million debt redemption premium, net of an unamortized premium of $3.8 million.

In June 2013, we redeemed our $286.8 million aggregate principal amount of 9.875% senior notes maturing June 2017 at a redemption cost of $301.0 million, at which time we recognized a $22.1 million early extinguishment loss consisting of a $14.2 million debt redemption premium and an unamortized discount of $7.9 million.

HollyFrontier Financing Obligation
We have a financing obligation that relates to a sale and lease-back of certain crude oil tankage that we sold to an affiliate of Plains All American Pipeline, L.P. (“Plains”) in October 2009 for $40.0 million. Monthly lease payments are recorded as a reduction in principal over the 15-year lease term ending in 2024.

HEP Senior Notes

HEP’s 6.5% senior notes ($300 million aggregate principal amount maturing March 2020) (the “HEP Senior Notes”) are unsecured and impose certain restrictive covenants, including limitations on HEP’s ability to incur additional indebtedness, make investments, sell assets, incur certain liens, pay distributions, enter into transactions with affiliates, and enter into mergers. At any time when the HEP Senior Notes are rated investment grade by both Moody’s and Standard & Poor’s and no default or event of default exists, HEP will not be subject to many of the foregoing covenants. Additionally, HEP has certain redemption rights under the HEP Senior Notes.

In March 2014, HEP redeemed its $150.0 million aggregate principal amount of 8.25% senior notes maturing March 2018 at a redemption cost of $156.2 million, at which time HEP recognized a $7.7 million early extinguishment loss consisting of a $6.2 million debt redemption premium and unamortized discount and financing cost of $1.5 million. HEP funded the redemption with borrowings under the HEP Credit Agreement.

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Indebtedness under the HEP Senior Notes involves recourse to HEP Logistics Holdings, L.P., its general partner, and is guaranteed by HEP's wholly-owned subsidiaries. However, any recourse to the general partner would be limited to the extent of HEP Logistics Holdings, L.P.'s assets, which other than its investment in HEP, are not significant. HEP's creditors have no recourse to our other assets. Furthermore, our creditors have no recourse to the assets of HEP and its consolidated subsidiaries.

The carrying amounts of long-term debt are as follows:

	December 31,	
	2015	2014
	(In thousands)	
6.875% Senior Notes		
Principal	$—	$150,000
Unamortized premium	—	4,144
	—	154,144
Financing Obligation	31,288	33,167
Total HollyFrontier long-term debt	31,288	187,311
HEP Credit Agreement	712,000	571,000
HEP 6.5% Senior Notes		
Principal	300,000	300,000
Unamortized discount and debt issuance costs	(3,248)	(4,014)
	296,752	295,986
Total HEP long-term debt	1,008,752	866,986
Total long-term debt	$1,040,040	$1,054,297

Principal maturities of long-term debt are as follows:

Years Ending December 31,	(In thousands)
2016	$2,121
2017	2,393
2018	714,700
2019	3,046
2020	303,437
Thereafter	17,591
Total	$1,043,288

NOTE 12: Derivative Instruments and Hedging Activities

Commodity Price Risk Management

Our primary market risk is commodity price risk. We are exposed to market risks related to the volatility in crude oil and refined products, as well as volatility in the price of natural gas used in our refining operations. We periodically enter into derivative contracts in the form of commodity price swaps, forward purchase and sales and futures contracts to mitigate price exposure with respect to:

- our inventory positions;
- natural gas purchases;
- costs of crude oil and related grade differentials;
- prices of refined products; and
- our refining margins.

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Accounting Hedges
We have swap contracts serving as cash flow hedges against price risk on forecasted purchases of natural gas. We also have forward sales contracts that lock in the prices of future sales of refined product. Additionally, we had swap contracts serving as cash flow hedges against price risk on forecasted purchases of WTI crude oil and forecasted sales of refined product. These contracts have been designated as accounting hedges and are measured at fair value with offsetting adjustments (gains/losses) recorded directly to other comprehensive income. These fair value adjustments are later reclassified to earnings as the hedging instruments mature. On a quarterly basis, hedge ineffectiveness is measured by comparing the change in fair value of the swap contracts against the expected future cash inflows/outflows on the respective transaction being hedged. Any hedge ineffectiveness is also recognized in earnings.

The following table presents the pre-tax effect on other comprehensive income (“OCI”) and earnings due to fair value adjustments and maturities of commodity price swaps and forward sales under hedge accounting:

	Unrealized Gain (Loss) Recognized in OCI	Gain (Loss) Recognized in Earnings Due to Settlements		Gain (Loss) Attributable to Hedge Ineffectiveness Recognized in Earnings	
		Location	Amount	Location	Amount
		(In thousands)			
Year Ended December 31, 2015					
Commodity price swaps					
Change in fair value	$(3,983)	Sales and other revenues	$245,819	Sales and other revenues	$(274)
Gain reclassified to earnings due to settlements	(49,592)	Cost of products sold	(179,700)	Cost of products sold	4,376
Amortization of discontinued hedges reclassified to earnings	1,080	Operating expenses	(17,607)	Operating expenses	547
Total	$(52,495)		$48,512		$4,649
Year Ended December 31, 2014					
Commodity price swaps					
Change in fair value	$107,518	Sales and other revenues	$88,326	Sales and other revenues	$274
Gain reclassified to earnings due to settlements	(52,884)	Cost of products sold	(37,313)	Cost of products sold	(4,377)
Amortization of discontinued hedges reclassified to earnings	1,080	Operating expenses	791	Operating expenses	(547)
Total	$55,714		$51,804		$(4,650)
Year Ended December 31, 2013					
Commodity price swaps					
Change in fair value	$(8,808)	Sales and other revenues	$(20,060)		
Gain reclassified to earnings due to settlements	(16,410)	Cost of products sold	38,949	Sales and other revenues	$45
Amortization of discontinued hedges reclassified to earnings	900	Operating expenses	(3,379)	Cost of products sold	515

Total	$(24,318)	$15,510	$560

As of December 31, 2015, we have the following notional contract volumes related to outstanding derivative instruments serving as cash flow hedges against price risk on forecasted transactions:

Derivative instruments	Total Outstanding Notional	Notional Contract Volumes by Year of Maturity		Unit of Measure
		2016	2017	
Natural gas price swaps - long	19,200,000	9,600,000	9,600,000	MMBTU
Forward gasoline and diesel contracts - long	525,000	525,000	—	Barrels
Forward gasoline and diesel contracts - short	625,000	625,000	—	Barrels
Physical crude contracts - short	38,000	38,000	—	Barrels

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In 2013, we dedesignated certain commodity price swaps (long positions) that previously received hedge accounting treatment. These contracts now serve as economic hedges against price risk on forecasted natural gas purchases totaling 19,200,000 MMBTU's to be purchased ratably through 2017. As of December 31, 2015, we have an unrealized loss of $2.2 million classified in accumulated other comprehensive loss that relates to the application of hedge accounting prior to dedesignation that is amortized as a charge to operating expenses as the contracts mature.

Economic Hedges
We also have swap contracts that serve as economic hedges (derivatives used for risk management, but not designated as accounting hedges) to fix our purchase price on forecasted purchases of WTI crude oil, and to lock in the basis spread differentials on forecasted purchases of crude oil and natural gas. Also, we have NYMEX futures contracts to lock in prices on forecasted purchases of inventory. These contracts are measured at fair value with offsetting adjustments (gains/losses) recorded directly to income.

The following table presents the pre-tax effect on income due to maturities and fair value adjustments of our economic hedges:

Location of Gain (Loss) Recognized in Income	Years Ended December 31, 2015	2014	2013
	(In thousands)		
Cost of products sold	$48,082	$68,509	$20,751
Operating expenses	(12,003)	(185)	(5,250)
Total	$36,079	$68,324	$15,501

As of December 31, 2015, we have the following notional contract volumes related to our outstanding derivative contracts serving as economic hedges:

Derivative Instrument	Total Outstanding Notional	Notional Contract Volumes by Year of Maturity 2016	2017	Unit of Measure
Crude price swaps (basis spread) - long	11,712,000	11,712,000	—	Barrels
Natural gas price swaps (basis spread) - long	20,616,000	10,308,000	10,308,000	MMBTU
Natural gas price swaps - long	19,200,000	9,600,000	9,600,000	MMBTU
Natural gas price swaps - short	19,200,000	9,600,000	9,600,000	MMBTU
NYMEX futures (WTI) - short	1,840,000	1,840,000	—	Barrels

Interest Rate Risk Management
HEP uses interest rate swaps to manage its exposure to interest rate risk.

As of December 31, 2015, HEP had three interest rate swap contracts that hedge its exposure to the cash flow risk caused by the effects of LIBOR changes on $305.0 million in credit agreement advances. The first interest rate swap effectively converts $155.0 million of LIBOR based debt to fixed rate debt having an interest rate of 0.99% plus an applicable margin of 2.25% as of December 31, 2015, which equaled an effective interest rate of 3.24%. This swap matures in February 2016. HEP has two additional interest rate swaps with identical terms which effectively convert $150.0 million of LIBOR based debt to fixed rate debt having an interest rate of 0.74% plus an applicable margin of

2.25% as of December 31, 2015, which equaled an effective interest rate of 2.99%. Both of these swap contracts mature in July 2017. All of these swap contracts have been designated as cash flow hedges. To date, there has been no ineffectiveness on these cash flow hedges.

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The following table presents the pre-tax effect on other comprehensive income and earnings due to fair value adjustments and maturities of HEP's interest rate swaps under hedge accounting:

	Unrealized Gain (Loss) Recognized in OCI	Loss Recognized in Earnings Due to Settlements	
		Location	Amount
	(In thousands)		
Year Ended December 31, 2015			
Interest rate swaps			
Change in fair value	$(1,864)		
Loss reclassified to earnings due to settlements	2,100	Interest expense	$(2,100)
Total	$236		$(2,100)
Year Ended December 31, 2014			
Interest rate swaps			
Change in fair value	$(2,104)		
Loss reclassified to earnings due to settlements	2,202	Interest expense	$(2,202)
Total	$98		$(2,202)
Year Ended December 31, 2013			
Interest rate swaps			
Change in fair value	$1,194		
Loss reclassified to earnings due to settlements	2,092		
Amortization of discontinued hedge reclassified to earnings	849	Interest expense	$(2,941)
Total	$4,135		$(2,941)

The following table presents the fair value and balance sheet locations of our outstanding derivative instruments. These amounts are presented on a gross basis with offsetting balances that reconcile to a net asset or liability position in our consolidated balance sheets. We present on a net basis to reflect the net settlement of these positions in accordance with provisions of our master netting arrangements.

	Derivatives in Net Asset Position			Derivatives in Net Liability Position		
	Gross Assets	Gross Liabilities Offset in Balance Sheet	Net Assets Recognized in Balance Sheet	Gross Liabilities	Gross Assets Offset in Balance Sheet	Net Liabilities Recognized in Balance Sheet
		(In thousands)				
December 31, 2015						
Derivatives designated as cash flow hedging instruments:						
Commodity price swap contracts	$—	$—	$—	$38,755	$—	$38,755
Interest rate swap contracts	304	—	304	114	—	114
	$304	$—	$304	$38,869	$—	$38,869

Derivatives not designated as cash flow hedging instruments:						
Commodity price swap contracts	$—	$—	$—	$60,196	$(37,118)	$23,078
NYMEX futures contracts	3,469	—	3,469	—	—	—
	$3,469	$—	$3,469	$60,196	$(37,118)	$23,078
Total net balance			$3,773			$61,947
Balance sheet classification:	Prepayment and other		$3,469	Accrued liabilities		$36,976
	Intangibles and other		304	Other long-term liabilities		24,971
			$3,773			$61,947

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	Derivatives in Net Asset Position			Derivatives in Net Liability Position		
	Gross Assets	Gross Liabilities Offset in Balance Sheet	Net Assets Recognized in Balance Sheet	Gross Liabilities	Gross Assets Offset in Balance Sheet	Net Liabilities Recognized in Balance Sheet
		(In thousands)				
December 31, 2014						
Derivatives designated as cash flow hedging instruments:						
Commodity price swap contracts	$173,658	$(142,115)	$31,543	$21,441	$—	$21,441
Interest rate swap contracts	1,019	—	1,019	1,065	—	1,065
	$174,677	$(142,115)	$32,562	$22,506	$—	$22,506
Derivatives not designated as cash flow hedging instruments:						
Commodity price swap contracts	$17,630	$(12,942)	$4,688	$20,398	$(17,007)	$3,391
NYMEX futures contracts	17,619	—	17,619	—	—	—
	$35,249	$(12,942)	$22,307	$20,398	$(17,007)	$3,391
Total net balance			$54,869			$25,897
Balance sheet classification:	Prepayment and other		$53,850			
	Intangibles and other		1,019	Other long-term liabilities		$25,897
			$54,869			$25,897

At December 31, 2015, we had a pre-tax net unrealized loss of $40.9 million classified in accumulated other comprehensive loss that relates to all accounting hedges having contractual maturities through 2017. Assuming commodity prices and interest rates remain unchanged, an unrealized loss of $20.9 million will be effectively transferred from accumulated other comprehensive loss into the statement of income as the hedging instruments contractually mature over the next twelve-month period.

NOTE 13: Income Taxes

The provision for income taxes is comprised of the following:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Current			
Federal	$480,446	$294,509	$270,024
State	71,750	40,325	7,148

Deferred			
Federal	(127,714)	(168,756)	94,896
State	(18,422)	(24,906)	19,508
	$406,060	$141,172	$391,576

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The statutory federal income tax rate applied to pre-tax book income reconciles to income tax expense as follows:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Tax computed at statutory rate	$422,999	$163,625	$405,790
State income taxes, net of federal tax benefit	40,385	13,641	21,363
Domestic production activities deduction	(35,200)	(20,998)	(22,101)
Noncontrolling interest in net income	(24,155)	(17,431)	(12,378)
Uncertain tax positions	—	—	(193)
Other	2,031	2,335	(905)
	$406,060	$141,172	$391,576

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Our deferred income tax assets and liabilities as of December 31, 2015 and 2014 are as follows:

	December 31, 2015		
	Assets	Liabilities	Total
	(In thousands)		
Deferred income taxes			
Properties, plants and equipment (due primarily to tax in excess of book depreciation)	$—	$(648,542)	$(648,542)
Accrued employee benefits	22,355	—	22,355
Accrued post-retirement benefits	11,518	—	11,518
Accrued environmental costs	42,517	—	42,517
Hedging instruments	21,815	—	21,815
Inventory differences	175,614	—	175,614
Deferred turnaround costs	—	(104,944)	(104,944)
Net operating loss and tax credit carryforwards	8,033	—	8,033
Investment in HEP	—	(23,429)	(23,429)
Other	—	(2,843)	(2,843)
Total	$281,852	$(779,758)	$(497,906)

	December 31, 2014		
	Assets	Liabilities	Total
	(In thousands)		
Deferred income taxes			
Properties, plants and equipment (due primarily to tax in excess of book depreciation)	$—	$(581,017)	$(581,017)
Accrued employee benefits	22,973	—	22,973
Accrued post-retirement benefits	11,504	—	11,504
Accrued environmental costs	30,744	—	30,744
Hedging instruments	—	(11,601)	(11,601)
Inventory differences	—	(7,376)	(7,376)
Deferred turnaround costs	—	(110,827)	(110,827)

Net operating loss and tax credit carryforwards	10,119	—	10,119
Investment in HEP	—	(25,244)	(25,244)
Other	—	(3,554)	(3,554)
Total	$75,340	$(739,619)	$(664,279)

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At December 31, 2015, we had a Kansas income tax credit of $6.6 million that is scheduled to be utilized in 2016 through 2019. This amount is reflected in non-current deferred tax assets.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Years Ended December 31,	
	2014	2013
	(In thousands)	
Balance at January 1	$9,006	$12,641
Additions for tax positions of prior years	—	25,728
Reductions for tax positions of prior years	—	(5,092)
Settlements	(9,006)	(24,271)
Balance at December 31	$—	$9,006

We had no unrecognized tax benefits at December 31, 2015 and 2014. We recognize interest and penalties relating to liabilities for unrecognized tax benefits as an element of tax expense.

We are subject to U.S. federal income tax, Oklahoma, Kansas, New Mexico, Iowa, Arizona, Utah, Colorado and Nebraska income tax and to income tax of multiple other state jurisdictions. We have substantially concluded all state and local income tax matters for tax years through 2012 and have materially concluded all U.S. federal income tax matters for tax years through December 31, 2013.

NOTE 14: Stockholders' Equity

Shares of our common stock outstanding and activity for the years ended December 31, 2015, 2014 and 2013 are presented below:

	Years Ended December 31,		
	2015	2014	2013
Common shares outstanding at January 1	196,086,090	198,830,351	203,551,496
Issuance of restricted stock, excluding restricted stock with performance feature	447,534	376,622	292,855
Vesting of performance units	136,896	416,111	210,819
Vesting of restricted stock with performance feature	43,774	77,430	15,141
Forfeitures of restricted stock	(51,332)	(76,107)	(15,794)
Purchase of treasury stock [(1)]	(16,428,574)	(3,538,317)	(5,224,166)
Common shares outstanding at December 31	180,234,388	196,086,090	198,830,351

(1) Includes 151,967, 279,680 and 235,922 shares, respectively, withheld under the terms of stock-based compensation agreements to provide funds for the payment of payroll and income taxes due at the vesting of share-based awards, as well as other stock repurchases under separate authority from our Board of Directors.

In May 2015, our Board of Directors approved a $1 billion share repurchase program, which replaced all existing share repurchase programs, authorizing us to repurchase common stock in the open market or through privately negotiated transactions. The timing and amount of stock repurchases will depend on market conditions and corporate, regulatory and other relevant considerations. This program may be discontinued at any time by the Board of Directors. As of December 31, 2015, we had remaining authorization to repurchase up to $308.2 million under this stock repurchase program. In addition, we are authorized by our Board of Directors to repurchase shares in an amount sufficient to offset shares issued under our compensation programs.

During the years ended December 31, 2015, 2014 and 2013, we withheld shares of our common stock from certain employees in the amounts of $6.2 million, $11.4 million and $11.3 million, respectively. These withholdings were made under the terms of restricted stock and performance share unit agreements upon vesting, at which time, we concurrently made cash payments to fund payroll and income taxes on behalf of officers and employees who elected to have shares withheld from vested amounts to pay such taxes.

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NOTE 15: Other Comprehensive Income (Loss)

The components and allocated tax effects of other comprehensive income (loss) are as follows:

	Before-Tax	Tax Expense (Benefit)	After-Tax
	(In thousands)		
Year Ended December 31, 2015			
Net unrealized gain on marketable securities	$38	$14	$24
Net unrealized loss on hedging instruments	(52,259)	(20,282)	(31,977)
Net change in pension and other post-retirement benefit obligations	79	31	48
Other comprehensive loss	(52,142)	(20,237)	(31,905)
Less other comprehensive income attributable to noncontrolling interest	144	—	144
Other comprehensive loss attributable to HollyFrontier stockholders	$(52,286)	$(20,237)	$(32,049)
Year Ended December 31, 2014			
Net unrealized loss on marketable securities	$(157)	$(62)	$(95)
Net unrealized gain on hedging instruments	55,812	21,583	34,229
Net change in pension and other post-retirement benefit obligations	(11,425)	(4,423)	(7,002)
Other comprehensive income	44,230	17,098	27,132
Less other comprehensive income attributable to noncontrolling interest	60	—	60
Other comprehensive income attributable to HollyFrontier stockholders	$44,170	$17,098	$27,072
Year Ended December 31, 2013			
Net unrealized gain on marketable securities	$34	$17	$17
Net unrealized loss on hedging instruments	(20,183)	(8,669)	(11,514)
Net change in pension and other post-retirement benefit obligations	37,593	14,534	23,059
Other comprehensive income	17,444	5,882	11,562
Less other comprehensive income attributable to noncontrolling interest	2,315	—	2,315
Other comprehensive income attributable to HollyFrontier stockholders	$15,129	$5,882	$9,247

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The following table presents the income statement line item effects for reclassifications out of accumulated other comprehensive income (“AOCI”):

AOCI Component	Gain (Loss) Reclassified From AOCI Years Ended December 31,			Income Statement Line Item
	2015	2014	2013	
	(In thousands)			
Marketable securities	$(51)	$4	$39	Interest income
	42	—	—	Gain on sale of assets
	(9)	4	39	
	(3)	2	15	Income tax expense (benefit)
	(6)	2	24	Net of tax
Hedging instruments:				
Commodity price swaps	245,819	88,326	(20,060)	Sales and other revenues
	(179,700)	(37,313)	38,949	Cost of products sold
	(17,607)	791	(3,379)	Operating expenses
Interest rate swaps	(2,100)	(2,202)	(2,941)	Interest expense
	46,412	49,602	12,569	
	18,454	19,712	5,554	Income tax expense
	27,958	29,890	7,015	Net of tax
	1,273	1,335	1,783	Noncontrolling interest
	29,231	31,225	8,798	Net of tax and noncontrolling interest
Pension and other post-retirement benefit obligations:				
Pension obligation	—	—	(3,226)	Cost of products sold
	—	—	(30,127)	Operating expenses
	—	—	(4,236)	General and administrative expenses
	—	—	(37,589)	
	—	—	(14,547)	Income tax benefit
	—	—	(23,042)	Net of tax
Post-retirement healthcare obligation	271	482	646	Cost of products sold
	2,681	3,366	2,868	Operating expenses
	347	448	526	General and administrative expenses
	3,299	4,296	4,040	
	1,277	1,663	1,563	Income tax expense
	2,022	2,633	2,477	Net of tax
Retirement restoration plan	(20)	(920)	(111)	General and administrative expenses
	(8)	(356)	(43)	Income tax benefit
	(12)	(564)	(68)	Net of tax

Total reclassifications for the period	$31,235	$33,296	$(11,811)

Accumulated other comprehensive income in the equity section of our consolidated balance sheets includes:

	December 31,	
	2015	2014
	(In thousands)	
Unrealized gain on post-retirement benefit obligations	$20,737	$20,689
Unrealized loss on marketable securities	(61)	(85)
Unrealized gain (loss) on hedging instruments, net of noncontrolling interest	(24,831)	7,290
Accumulated other comprehensive income (loss)	$(4,155)	$27,894

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NOTE 16: Retirement Plans

Post-retirement Healthcare Plans
We provide post-retirement medical benefits to certain eligible employees. These plans are unfunded and provide differing levels of healthcare benefits dependent upon hire date and work location. Not all of our employees are covered by these plans at December 31, 2015.

The following table sets forth the changes in the benefit obligation and plan assets of our post-retirement healthcare plans for the years ended December 31, 2015 and 2014:

	Years Ended December 31,			
	2015		2014	
	(In thousands)			
Change in plans' benefit obligation				
Post-retirement plans' benefit obligation - beginning of year	$23,633		$15,715	
Service cost	1,694		895	
Interest cost	819		638	
Participant contributions	593		573	
Amendments	—		3,383	
Benefits paid	(2,260	)	(1,533	)
Actuarial loss (gain)	(3,278	)	3,962	
Post-retirement plans' benefit obligation - end of year	$21,201		$23,633	
Change in plan assets				
Fair value of plan assets - beginning of year	$—		$—	
Employer contributions	1,667		960	
Participant contributions	593		573	
Benefits paid	(2,260	)	(1,533	)
Fair value of plan assets - end of year	$—		$—	
Funded status				
Under-funded balance	$(21,201	)	$(23,633	)
Amounts recognized in consolidated balance sheets				
Accrued post-retirement liability	$(21,201	)	$(23,633	)
Amounts recognized in accumulated other comprehensive income (loss)				
Cumulative actuarial loss	$(1,613	)	$(5,074	)
Prior service credit	35,937		39,419	
Total	$34,324		$34,345	

Benefit payments, which reflect expected future service, are expected to be paid as follows: $2.1 million in 2016; $1.8 million in 2017; $1.9 million in 2018; $1.8 million in 2019; $1.9 million in 2020; and $9.2 million in 2021 through 2025.

The weighted average assumptions used to determine end of period benefit obligations:

	December 31, 2015		2014	
Discount rate	3.90	%	3.60	%
Current health care trend rate	8.00	%	8.00	%
Ultimate health care trend rate	5.00	%	5.00	%
Year rate reaches ultimate trend rate	2041		2042	

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Net periodic post-retirement credit consisted of the following components:

	Years Ended December 31,		
	2015	2014	2013
	(In thousands)		
Service cost – benefit earned during the year	$1,694	$895	$1,112
Interest cost on projected benefit obligations	819	638	665
Amortization of prior service credit	(3,482)	(4,296)	(5,896)
Amortization of net loss	183	—	130
Loss on settlement	—	—	1,726
Net periodic post-retirement credit	$(786)	$(2,763)	$(2,263)

Prior service credits are amortized over the average remaining effective period to obtain full benefit eligibility for participants.

Assumed health care cost trend rates have an effect on the amounts reported for the post-retirement health care benefit plans. The weighted average assumptions used to determine net periodic benefit expense follow:

	Years Ended December 31,		
	2015	2014	2013
Discount rate	3.60 %	4.25 %	3.45 %
Current health care trend rate	8.00 %	8.00 %	8.10 %
Ultimate health care trend rate	5.00 %	5.00 %	5.00 %
Year rate reaches ultimate trend rate	2042	2045	2023

The effect of a 1% change in health care cost trend rates is as follows:

	1% Point Increase	1% Point Decrease
	(In thousands)	
Service cost	$268	$(222)
Interest cost	$68	$(58)
Year-end accumulated post-retirement benefit obligation	$1,443	$(1,254)

Pension Plan

In 2013, we terminated the HollyFrontier Corporation Pension Plan (the "Plan"), a non-contributory defined benefit retirement plan that covered certain employees. In June 2013, we made contributions of $22.7 million to the Plan, which was sufficient for the Plan to settle its obligations to all participants including the premium paid to the non-participating annuity provider. In 2013, we recognized a pre-tax pension settlement charge of $39.5 million, of which $37.6 million was reclassified out of accumulated other comprehensive income, representing the irrevocable portion of our obligation. Net periodic pension expense was $42.6 million for the year ended December 31, 2013.

Additionally, we had a program that provided transition benefit payments to certain employees that participated in a previously terminated defined benefit plan. The program extended through 2014 and provided payments subsequent to year-end provided the employee was employed by us on the last day of each year. The payments were based on each employee's years of service and eligible salary. Transition benefit costs under this program were $10.8 million and $12.5 million for the years ended December 31, 2014 and 2013, respectively. In March 2015, we paid all remaining amounts owed to plan participants of $11.0 million.

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Retirement Restoration Plan
We have an unfunded retirement restoration plan that provides for additional payments from us so that total retirement plan benefits for certain executives will be maintained at the levels provided in the retirement plan before the application of Internal Revenue Code limitations. We expensed $0.1 million, $1.2 million and $0.4 million for the years ended December 31, 2015, 2014 and 2013, respectively, in connection with this plan. The accrued liability reflected in the consolidated balance sheets was $2.8 million and $3.0 million at December 31, 2015 and 2014, respectively. As of December 31, 2015, the projected benefit obligation under this plan was $2.8 million. Annual benefit payments of $0.2 million are expected to be paid through 2025, which reflect expected future service.

Defined Contribution Plans
We have a defined contribution “401(k)” plan that covers substantially all employees. Our contributions are based on an employee's eligible compensation and years of service. We also partially match the employee's contributions. We expensed $17.2 million, $16.1 million and $15.5 million for the years ended December 31, 2015, 2014 and 2013, respectively, in connection with these plans.

NOTE 17: Lease Commitments

We lease certain office and storage facilities, rail cars and other equipment under long-term operating leases, most of which contain renewal options. At December 31, 2015, the minimum future rental commitments under operating leases having non-cancellable lease terms in excess of one year are as follows:

	(In thousands)
2016	$70,512
2017	65,807
2018	62,364
2019	58,664
2020	57,047
Thereafter	221,589
Total	$535,983

Rental expense charged to operations was $107.3 million, $89.8 million and $72.6 million for the years ended December 31, 2015, 2014 and 2013, respectively. For the years ended December 31, 2015, 2014 and 2013, rental expense included $8.9 million, $8.0 million and $8.3 million, respectively, in costs attributable to the HEP operations.

NOTE 18: Contingencies and Contractual Commitments

We are a party to various litigation and legal proceedings which we believe, based on advice of counsel, will not either individually or in the aggregate have a materially adverse effect on our financial condition, results of operations or cash flows.

Contractual Commitments
We have various long-term agreements (entered in the normal course of business) to purchase crude oil, natural gas, feedstocks and other resources to ensure we have adequate supplies to operate our refineries. The substantial majority

of our purchase obligations are based on market prices or rates. These contracts expire in 2016 through 2030.

We also have long-term agreements with third parties for the transportation and storage of crude oil, natural gas and feedstocks to our refineries and for terminal and storage services that expire in 2016 through 2033. At December 31, 2015, the minimum future transportation and storage fees under transportation agreements having terms in excess of one year are as follows:

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	(In thousands)
2016	$113,914
2017	102,613
2018	84,026
2019	75,514
2020	65,444
Thereafter	548,010
Total	$989,521

Transportation and storage costs incurred under these agreements totaled $137.7 million, $118.0 million and $95.2 million for the years ended December 31, 2015, 2014 and 2013, respectively. These amounts do not include contractual commitments under our long-term transportation agreements with HEP, as all transactions with HEP are eliminated in these consolidated financial statements.

NOTE 19: Segment Information

Our operations are organized into two reportable segments, Refining and HEP. Our operations that are not included in the Refining and HEP segments are included in Corporate and Other. Intersegment transactions are eliminated in our consolidated financial statements and are included in Consolidations and Eliminations.

The Refining segment represents the operations of the El Dorado, Tulsa, Navajo, Cheyenne and Woods Cross Refineries and HFC Asphalt (aggregated as a reportable segment). Refining activities involve the purchase and refining of crude oil and wholesale and branded marketing of refined products, such as gasoline, diesel fuel and jet fuel. These petroleum products are primarily marketed in the Mid-Continent, Southwest and Rocky Mountain regions of the United States. Additionally, the Refining segment includes specialty lubricant products produced at our Tulsa Refineries that are marketed throughout North America and are distributed in Central and South America. HFC Asphalt operates various asphalt terminals in Arizona, New Mexico and Oklahoma.

The HEP segment includes all of the operations of HEP, which owns and operates logistics and refinery assets consisting of petroleum product and crude oil pipelines, terminals, tankage, loading rack facilities and processing units in the Mid-Continent, Southwest and Rocky Mountain regions of the United States. The HEP segment also includes a 75% ownership interest in UNEV (a consolidated subsidiary of HEP) and a 50% and 25% ownership interest in the Frontier Pipeline and the SLC Pipeline, respectively. Revenues from the HEP segment are earned through transactions with unaffiliated parties for pipeline transportation, rental and terminalling operations as well as revenues relating to pipeline transportation services provided for our refining operations. Due to certain basis differences, our reported amounts for the HEP segment may not agree to amounts reported in HEP’s periodic public filings.

The accounting policies for our segments are the same as those described in the summary of significant accounting policies (see Note 1).

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	Refining	HEP [1]	Corporate and Other	Consolidations and Eliminations	Consolidated Total
	(In thousands)				
Year Ended December 31, 2015					
Sales and other revenues	$13,171,183	$358,875	$663	$(292,801)	$13,237,920
Depreciation and amortization	$273,799	$61,236	$11,944	$(828)	$346,151
Income (loss) from operations	$1,187,875	$181,778	$(123,004)	$(2,296)	$1,244,353
Capital expenditures	$567,616	$94,516	$14,023	$—	$676,155
Total assets	$6,840,545	$1,569,089	$289,225	$(310,560)	$8,388,299
Year Ended December 31, 2014					
Sales and other revenues	$19,706,225	$332,626	$2,103	$(276,627)	$19,764,327
Depreciation and amortization	$293,871	$60,548	$9,790	$(828)	$363,381
Income (loss) from operations	$491,106	$156,453	$(129,874)	$(2,151)	$515,534
Capital expenditures	$435,598	$109,693	$19,530	$—	$564,821
Total assets	$6,927,126	$1,472,098	$1,150,865	$(320,042)	$9,230,047
Year Ended December 31, 2013					
Sales and other revenues	$20,105,443	$307,053	$1,314	$(253,250)	$20,160,560
Depreciation and amortization	$233,182	$64,701	$6,391	$(828)	$303,446
Income (loss) from operations	$1,237,687	$133,522	$(123,030)	$(2,105)	$1,246,074
Capital expenditures	$339,356	$56,613	$29,158	$—	$425,127
Total assets	$7,094,558	$1,412,931	$1,881,121	$(332,847)	$10,055,763

(1) HEP acquired newly constructed naphtha fractionation and hydrogen generation units at our El Dorado Refinery in November 2015. As a result, we have recast our HEP segment information to include these assets and related capital expenditures that were previously presented under the Refining segment.

HEP segment revenues from external customers were $66.7 million, $57.3 million and $53.4 million for the years ended December 31, 2015, 2014 and 2013, respectively.

NOTE 20: Supplemental Financial Information

Borrowings pursuant to the HollyFrontier Credit Agreement are recourse to the assets of HollyFrontier, but not HEP. Furthermore, borrowings under the HEP Credit Agreement are recourse to HEP, but not to the assets of HFC with the exception of HEP Logistics Holdings, L.P., HEP's general partner. Other than its investment in HEP, the assets of the general partner are insignificant.
The following condensed financial information is provided for HollyFrontier Corporation (on a standalone basis, before consolidation of HEP), and for HEP and its consolidated subsidiaries (on a standalone basis, exclusive of HFC). Due to certain basis differences, our reported amounts for HEP may not agree to amounts reported in HEP's periodic public filings.

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Condensed Consolidating Balance Sheet

December 31, 2015	HollyFrontier Corp. Before Consolidation of HEP (In thousands)	HEP Segment	Consolidations and Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$51,520	$15,013	$—	$66,533
Marketable securities	144,019	—	—	144,019
Accounts receivable, net	355,020	41,075	(44,117)	351,978
Inventories	839,897	1,972	—	841,869
Prepayments and other	48,288	3,082	(7,704)	43,666
Total current assets	1,438,744	61,142	(51,821)	1,448,065
Properties, plants and equipment, net	3,270,804	1,090,373	(245,515)	4,115,662
Intangibles and other assets	2,410,879	417,574	(3,881)	2,824,572
Total assets	$7,120,427	$1,569,089	$(301,217)	$8,388,299
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable	$738,024	$22,583	$(44,117)	$716,490
Income tax payable	8,142	—	—	8,142
Accrued liabilities	117,346	26,341	(7,704)	135,983
Total current liabilities	863,512	48,924	(51,821)	860,615
Long-term debt	31,288	1,008,752	—	1,040,040
Liability to HEP	220,998	—	(220,998)	—
Deferred income tax liabilities	497,475	431	—	497,906
Other long-term liabilities	125,684	59,306	(5,025)	179,965
Investment in HEP	129,961	—	(129,961)	—
Equity – HollyFrontier	5,251,509	357,247	(355,341)	5,253,415
Equity – noncontrolling interest	—	94,429	461,929	556,358
Total liabilities and equity	$7,120,427	$1,569,089	$(301,217)	$8,388,299

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Condensed Consolidating Balance Sheet

December 31, 2014	HollyFrontier Corp. Before Consolidation of HEP (In thousands)	HEP Segment	Consolidations and Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	$565,155	$2,830	$—	$567,985
Marketable securities	474,110	—	—	474,110
Accounts receivable, net	588,407	40,129	(38,631)	589,905
Inventories	1,033,191	1,940	—	1,035,131
Income tax receivable	11,719	—	—	11,719
Prepayments and other	109,928	2,443	(8,223)	104,148
Total current assets	2,782,510	47,342	(46,854)	2,782,998
Properties, plants and equipment, net	2,867,941	1,062,430	(259,832)	3,670,539
Intangibles and other assets	2,418,926	362,326	(4,742)	2,776,510
Total assets	$8,069,377	$1,472,098	$(311,428)	$9,230,047
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable	$1,125,146	$21,623	$(38,631)	$1,108,138
Income tax payable	19,642	—	—	19,642
Accrued liabilities	88,116	26,321	(8,223)	106,214
Total current liabilities	1,232,904	47,944	(46,854)	1,233,994
Long-term debt	187,311	866,986	—	1,054,297
Liability to HEP	233,217	—	(233,217)	—
Deferred income tax liabilities	663,912	367	—	664,279
Other long-term liabilities	135,474	47,170	(5,886)	176,758
Investment in HEP	99,618	—	(99,618)	—
Equity – HollyFrontier	5,516,941	414,549	(407,906)	5,523,584
Equity – noncontrolling interest	—	95,082	482,053	577,135
Total liabilities and equity	$8,069,377	$1,472,098	$(311,428)	$9,230,047

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Condensed Consolidating Statement of Income and Comprehensive Income

Year Ended December 31, 2015	HollyFrontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
	(In thousands)			
Sales and other revenues	$13,171,846	$358,875	$(292,801)	$13,237,920
Operating costs and expenses:				
Cost of products sold	10,525,610	—	(286,392)	10,239,218
Lower of cost or market valuation inventory adjustment	226,979	—	—	226,979
Operating expenses	960,352	103,305	(3,284)	1,060,373
General and administrative	108,290	12,556	—	120,846
Depreciation and amortization	299,233	61,236	(14,318)	346,151
Total operating costs and expenses	12,120,464	177,097	(303,994)	11,993,567
Income from operations	1,051,382	181,778	11,193	1,244,353
Other income (expense):				
Earnings (loss) of equity method investments	78,969	4,803	(87,510)	(3,738)
Interest income (expense)	6,098	(36,892)	(9,285)	(40,079)
Loss on early extinguishment of debt	(1,370)	—	—	(1,370)
Gain on sale of assets and other	8,916	486	—	9,402
	92,613	(31,603)	(96,795)	(35,785)
Income before income taxes	1,143,995	150,175	(85,602)	1,208,568
Income tax provision	405,832	228	—	406,060
Net income	738,163	149,947	(85,602)	802,508
Less net income attributable to noncontrolling interest	(30)	3,971	58,466	62,407
Net income attributable to HollyFrontier stockholders	$738,193	$145,976	$(144,068)	$740,101
Comprehensive income attributable to HollyFrontier stockholders	$706,144	$138,920	$(137,012)	$708,052

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HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Income and Comprehensive Income

Year Ended December 31, 2014	HollyFrontier Corp. Before Consolidation of HEP (In thousands)	HEP Segment	Consolidations and Eliminations	Consolidated
Sales and other revenues	$19,708,328	$332,626	$(276,627)	$19,764,327
Operating costs and expenses:				
Cost of products sold	17,500,601	—	(272,216)	17,228,385
Lower of cost or market inventory valuation adjustment	397,478	—	—	397,478
Operating expenses	1,041,571	104,801	(1,432)	1,144,940
General and administrative	103,785	10,824	—	114,609
Depreciation and amortization	317,149	60,548	(14,316)	363,381
Total operating costs and expenses	19,360,584	176,173	(287,964)	19,248,793
Income from operations	347,744	156,453	11,337	515,534
Other income (expense):				
Earnings (loss) of equity method investments	65,375	2,987	(70,369)	(2,007)
Interest income (expense)	6,221	(36,098)	(9,339)	(39,216)
Loss on early extinguishment of debt	—	(7,677)	—	(7,677)
Gain on sale of assets and other	866	—	—	866
	72,462	(40,788)	(79,708)	(48,034)
Income before income taxes	420,206	115,665	(68,371)	467,500
Income tax provision	140,937	235	—	141,172
Net income	279,269	115,430	(68,371)	326,328
Less net income attributable to noncontrolling interest	(25)	8,288	36,773	45,036
Net income attributable to HollyFrontier stockholders	$279,294	$107,142	$(105,144)	$281,292
Comprehensive income attributable to HollyFrontier stockholders	$306,366	$107,181	$(105,183)	$308,364

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HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Income and Comprehensive Income

Year Ended December 31, 2013	HollyFrontier Corp. Before Consolidation of HEP (In thousands)	HEP Segment	Consolidations and Eliminations	Consolidated
Sales and other revenues	$20,106,757	$307,053	$(253,250)	$20,160,560
Operating costs and expenses:				
Cost of products sold	17,641,119	—	(248,892)	17,392,227
Operating expenses	995,194	97,081	(1,425)	1,090,850
General and administrative	116,214	11,749	—	127,963
Depreciation and amortization	253,062	64,701	(14,317)	303,446
Total operating costs and expenses	19,005,589	173,531	(264,634)	18,914,486
Income from operations	1,101,168	133,522	11,384	1,246,074
Other income (expense):				
Earnings (loss) of equity method investments	52,288	2,826	(57,186)	(2,072)
Interest expense	(6,338)	(46,849)	(9,307)	(62,494)
Loss on early extinguishment of debt	(22,109)	—	—	(22,109)
	23,841	(44,023)	(66,493)	(86,675)
Income before income taxes	1,125,009	89,499	(55,109)	1,159,399
Income tax provision	391,243	333	—	391,576
Net income	733,766	89,166	(55,109)	767,823
Less net income attributable to noncontrolling interest	—	6,632	25,349	31,981
Net income attributable to HollyFrontier stockholders	$733,766	$82,534	$(80,458)	$735,842
Comprehensive income attributable to HollyFrontier stockholders	$743,013	$84,354	$(82,278)	$745,089

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HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Cash Flows

Year Ended December 31, 2015	HollyFrontier Corp. Before Consolidation of HEP	HEP Segment	Consolidations and Eliminations	Consolidated
	(In thousands)			
Cash flows from operating activities	$836,858	$233,188	$(90,420)	$979,626
Cash flow from investing activities				
Additions to properties, plants and equipment	(581,639)	—	—	(581,639)
Additions to properties, plants and equipment – HEP	—	(94,516)	—	(94,516)
Purchase of equity method investment	—	(55,032)	—	(55,032)
Proceeds from sale of assets	17,985	1,279	—	19,264
Purchases of marketable securities	(509,338)	—	—	(509,338)
Sales and maturities of marketable securities	839,513	—	—	839,513
	(233,479)	(148,269)	—	(381,748)
Cash flows from financing activities				
Net borrowings under credit agreement – HEP	—	141,000	—	141,000
Redemption of senior notes - HFC	(155,156)	—	—	(155,156)
Purchase of treasury stock	(742,823)	—	—	(742,823)
Dividends	(246,908)	—	—	(246,908)
Distributions to noncontrolling interest	—	(173,688)	90,420	(83,268)
Distribution from HEP	62,000	(62,000)	—	—
Contribution from general partner	(27,623)	27,623	—	—
Other, net	(6,504)	(5,671)	—	(12,175)
	(1,117,014)	(72,736)	90,420	(1,099,330)
Cash and cash equivalents				
Increase (decrease) for the period	(513,635)	12,183	—	(501,452)
Beginning of period	565,155	2,830	—	567,985
End of period	$51,520	$15,013	$—	$66,533

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HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Cash Flows

Year Ended December 31, 2014	HollyFrontier Corp. Before Consolidation of HEP (In thousands)	HEP Segment	Consolidations and Eliminations	Consolidated
Cash flows from operating activities	$652,186	$186,903	$(80,493)	$758,596
Cash flows from investing activities:				
Additions to properties, plants and equipment	(455,128)	—	—	(455,128)
Additions to properties, plants and equipment – HEP	—	(109,693)	—	(109,693)
Proceeds from sale of assets	16,633	—	—	16,633
Purchases of marketable securities	(1,025,602)	—	—	(1,025,602)
Sales and maturities of marketable securities	1,276,447	—	—	1,276,447
Other, net	5,021	—	—	5,021
	(182,629)	(109,693)	—	(292,322)
Cash flows from financing activities:				
Net borrowings under credit agreement – HEP	—	208,000	—	208,000
Redemption of senior notes - HEP	—	(156,188)	—	(156,188)
Purchase of treasury stock	(158,847)	—	—	(158,847)
Dividends	(647,197)	—	—	(647,197)
Distributions to noncontrolling interest	—	(158,695)	80,493	(78,202)
Contribution from general partner	(29,734)	29,734	—	—
Excess tax benefit from equity-based compensation	2,040	—	—	2,040
Other, net	(4,415)	(3,583)	—	(7,998)
	(838,153)	(80,732)	80,493	(838,392)
Cash and cash equivalents				
Increase (decrease) for the period:	(368,596)	(3,522)	—	(372,118)
Beginning of period	933,751	6,352	—	940,103
End of period	$565,155	$2,830	$—	$567,985

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HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

Condensed Consolidating Statement of Cash Flows

Year Ended December 31, 2013	HollyFrontier Corp. Before Consolidation of HEP (In thousands)	HEP Segment	Consolidations and Eliminations	Consolidated
Cash flows from operating activities	$757,204	$183,380	$(71,410)	$869,174
Cash flows from investing activities:				
Additions to properties, plants and equipment	(368,514)	—	—	(368,514)
Additions to properties, plants and equipment – HEP	—	(56,613)	—	(56,613)
Proceeds from sale of assets	5,071	2,731	—	7,802
Acquisition of trucking operations	(11,301)	—	—	(11,301)
Purchases of marketable securities	(935,512)	—	—	(935,512)
Sales and maturities of marketable securities	846,143	—	—	846,143
Other, net	(8,740)	—	—	(8,740)
	(472,853)	(53,882)	—	(526,735)
Cash flows from financing activities:				
Net borrowings under credit agreement – HEP	—	(58,000)	—	(58,000)
Redemptions of senior notes	(300,973)	—	—	(300,973)
Proceeds from sale of HEP common units	73,444	—	—	73,444
Proceeds from common unit offerings – HEP	—	73,444	—	73,444
Purchase of treasury stock	(225,023)	—	—	(225,023)
Contribution from general partner	(6,011)	6,011	—	—
Dividends	(645,920)	—	—	(645,920)
Distributions to noncontrolling interest	—	(142,611)	71,410	(71,201)
Excess tax benefit from equity-based compensation	2,562	—	—	2,562
Other, net	(1,141)	(7,227)	—	(8,368)
	(1,103,062)	(128,383)	71,410	(1,160,035)
Cash and cash equivalents				
Increase (decrease) for the period:	(818,711)	1,115	—	(817,596)
Beginning of period	1,752,462	5,237	—	1,757,699
End of period	$933,751	$6,352	$—	$940,103

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HOLLYFRONTIER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Continued

NOTE 21: Significant Customers

All revenues are domestic revenues, except for sales of fuel oil for export into Mexico. We have two significant customers (Shell Oil and Sinclair), each of which has historically accounted for 10% or more of our annual revenues. Shell Oil accounted for $1,252.6 million (9%), $2,097.4 million (11%) and $1,830.5 million (9%) for the years ended December 31, 2015, 2014 and 2013, respectively, and Sinclair accounted for $1,104.9 million (8%), $2,018.8 million (10%) and $2,134.3 million (11%) of our revenues for the years ended December 31, 2015, 2014 and 2013, respectively. Our export sales were less than 3% of our revenues for the years ended December 31, 2015, 2014 and 2013.

NOTE 22: Quarterly Information (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
	(In thousands, except per share data)				
Year Ended December 31, 2015					
Sales and other revenues	$3,006,626	$3,701,912	$3,585,823	$2,943,559	$13,237,920
Operating costs and expenses	$2,618,004	$3,112,080	$3,263,218	$3,000,265	$11,993,567
Income (loss) from operations (1)	$388,622	$589,832	$322,605	$(56,706)	$1,244,353
Income (loss) before income taxes	$372,389	$580,177	$320,673	$(64,671)	$1,208,568
Net income (loss) attributable to HollyFrontier stockholders	$226,876	$360,824	$196,322	$(43,921)	$740,101
Net income (loss) per share attributable to HollyFrontier stockholders - basic	$1.16	$1.88	$1.05	$(0.24)	$3.91
Net income (loss) per share attributable to HollyFrontier stockholders - diluted	$1.16	$1.88	$1.04	$(0.24)	$3.90
Dividends per common share	$0.32	$0.33	$0.33	$0.33	$1.31
Average number of shares of common stock outstanding:					
Basic	195,069	191,355	187,208	181,460	188,731
Diluted	195,121	191,454	187,344	181,460	188,940
Year Ended December 31, 2014					
Sales and other revenues	$4,791,053	$5,372,600	$5,317,555	$4,283,119	$19,764,327
Operating costs and expenses	$4,520,057	$5,076,255	$5,014,944	$4,637,537	$19,248,793
Income from operations (2)	$270,996	$296,345	$302,611	$(354,418)	$515,534
Income before income taxes	$251,576	$286,485	$290,774	$(361,335)	$467,500
Net income attributable to HollyFrontier stockholders	$152,061	$176,429	$175,006	$(222,204)	$281,292
Net income per share attributable to HollyFrontier stockholders - basic	$0.76	$0.89	$0.88	$(1.13)	$1.42
Net income per share attributable to HollyFrontier stockholders - diluted	$0.76	$0.89	$0.88	$(1.13)	$1.42
Dividends per common share	$0.80	$0.82	$0.82	$0.82	$3.26

Average number of shares of common stock outstanding:					
Basic	198,297	198,139	197,261	195,310	197,243
Diluted	198,924	198,380	197,535	195,310	197,428

(1) For 2015, income from operations reflects non-cash lower of cost or market inventory valuation reductions of $6.5 million and $135.5 million for the first and second quarters, respectively, and charges of $225.5 million and $143.6 million for the third and fourth quarters, respectively.

(2) Loss from operations for the fourth quarter of 2014 reflects a non-cash lower of cost or market inventory valuation charge of $397.5 million.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

We have had no change in, or disagreement with, our independent registered public accountants on matters involving accounting and financial disclosure.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures. Our principal executive officer and principal financial officer have evaluated, as required by Rule 13a-15(b) under the Securities Exchange Act of 1934 (the “Exchange Act”), our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Exchange Act as of the end of the period covered by this annual report on Form 10-K. Our disclosure controls and procedures are designed to provide reasonable assurance that the information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2015.

Changes in internal control over financial reporting. There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

See Item 8 for “Management's Report on its Assessment of the Company's Internal Control Over Financial Reporting” and “Report of the Independent Registered Public Accounting Firm.”

Item 9B. Other Information

There have been no events that occurred in the fourth quarter of 2015 that would need to be reported on Form 8-K that have not previously been reported.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Items 401, 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Items 402 and 407(e)(4) and (e)(5) of Regulation S-K in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The equity compensation plan information required by Item 201(d) and the information required by Item 403 of Regulation S-K in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

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Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Items 404 and 407(a) of Regulation S-K in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by Item 9(e) of Schedule 14A in response to this item will be set forth in our definitive proxy statement for the annual meeting of stockholders to be held on May 11, 2016 and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

(1) Index to Consolidated Financial Statements

(2) Index to Consolidated Financial Statement Schedules

All schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or notes thereto.

(3) Exhibits

The Exhibit Index on pages 101 to 108 of this Annual Report on Form 10-K lists the exhibits that are filed or furnished, as applicable, as part of this Annual Report on Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HOLLYFRONTIER CORPORATION
(Registrant)

Date: February 24, 2016

/s/ George J. Damiris
George J. Damiris
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and as of the date indicated.

Signature	Capacity	Date
/s/ Michael C. Jennings Michael C. Jennings	Executive Chairman	February 24, 2016
/s/ George J. Damiris George J. Damiris	Chief Executive Officer, President and Director	February 24, 2016
/s/ Douglas S. Aron Douglas S. Aron	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2016
/s/ J.W. Gann, Jr. J.W. Gann, Jr.	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	February 24, 2016
/s/ Douglas Y. Bech Douglas Y. Bech	Director	February 24, 2016
/s/ Leldon Echols Leldon Echols	Director	February 24, 2016
/s/ R. Kevin Hardage R. Kevin Hardage	Director	February 24, 2016
/s/ Robert J. Kostelnik Robert J. Kostelnik	Director	February 24, 2016
/s/ James H. Lee James H. Lee	Director	February 24, 2016
/s/ Franklin Myers Franklin Myers	Director	February 24, 2016

/s/ Michael E. Rose Michael E. Rose	Director	February 24, 2016
/s/ Tommy A. Valenta Tommy A. Valenta	Director	February 24, 2016

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HOLLYFRONTIER CORPORATION
INDEX TO EXHIBITS

Exhibits are numbered to correspond to the exhibit table in Item 601 of Regulation S-K

Exhibit Number	Description
2.1	Asset Sale and Purchase Agreement, dated October 19, 2009, between Holly Refining & Marketing-Tulsa LLC, HEP Tulsa LLC and Sinclair Tulsa Refining Company (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed October 21, 2009, File No. 1-03876).
2.2	Amendment No. 1 to Asset Sale and Purchase Agreement, dated December 1, 2009, between Holly Refining & Marketing-Tulsa LLC, HEP Tulsa LLC and Sinclair Tulsa Refining Company (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed December 7, 2009, File No. 1-03876).
2.3	Asset Sale and Purchase Agreement, dated April 15, 2009, between Holly Refining & Marketing-Midcon, L.L.C. and Sunoco, Inc. (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed April 16, 2009, File No. 1-03876).
2.4	Agreement and Plan of Merger among Holly Corporation, North Acquisition, Inc. and Frontier Oil Corporation, dated February 21, 2011 (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed February 22, 2011, File No. 1-03876).
3.1	Amended and Restated Certificate of Incorporation of HollyFrontier Corporation (incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K filed July 8, 2011, File No. 1-03876).
3.2	Amended and Restated Bylaws of HollyFrontier Corporation (incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K filed February 20, 2014, File No. 1-03876).
4.1	Indenture, dated November 22, 2010, among HollyFrontier Corporation (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association, providing for the issuance of 6 7/8% Senior Notes due 2018 (incorporated by reference to Exhibit 4.1 of Frontier Oil Corporation's Current Report on Form 8-K filed November 22, 2010, File Number 1-07627).
4.2	First Supplemental Indenture, dated November 22, 2010, among HollyFrontier Corporation (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 of Frontier Oil Corporation's Current Report on Form 8-K filed November 22, 2010, File Number 1-07627).
4.3	Second Supplemental Indenture, dated May 26, 2011, among HollyFrontier Corporation (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 of Frontier Oil Corporation's Current Report on Form 8-K filed May 27, 2011, File No. 1-07627).
4.4	Third Supplemental Indenture, dated July 1, 2011, among HollyFrontier Corporation (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 of Registrant's Current Report on Form 8-K filed July

	8, 2011, File No. 1-03876).
4.5	Fourth Supplemental Indenture, dated September 6, 2013, among HollyFrontier Corporation, as issuer (as successor-in-interest to Frontier Oil Corporation), the Guarantors and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 of Registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, File No. 1-03876).
4.6	Form of 6 7/8% Senior Note Due 2018 (incorporated by reference to Exhibit 4.3 of Frontier Oil Corporation's Current Report on Form 8-K filed November 22, 2010, file Number 1-07627).
4.7	Indenture, dated March 12, 2012, among Holly Energy Partners, L.P., Holly Energy Finance Corp., the Guarantors and U.S. Bank National Association, providing for the issuance of 6.50% Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed March 12, 2012, File No. 1-32225).
4.8	First Supplemental Indenture, dated August 6, 2012, among HEP UNEV Holdings LLC, HEP UNEV Pipeline LLC, Holly Energy Partners, L.P., Holly Energy Finance Corp., the other Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, File No. 1-03876).

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Exhibit Number	Description
4.9	Second Supplemental Indenture, dated March 25, 2015, among HEP El Dorado LLC, Holly Energy Partners, L.P., Holly Energy Finance Corp., the other Guarantors and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, File No. 1-03876).
4.10*	Third Supplemental Indenture, dated September 23, 2015, among HEP Casper SLC LLC, Holly Energy Partners, L.P., Holly Energy Finance Corp., the other Guarantors and U.S. Bank National Association.
4.11*	Fourth Supplemental Indenture, dated November 17, 2015, among El Dorado Operating LLC, Holly Energy Partners, L.P., Holly Energy Finance Corp., the other Guarantors and U.S. Bank National Association.
10.1	Amended and Restated Intermediate Pipelines Agreement, dated June 1, 2009, among Holly Corporation, Navajo Refining Company, L.L.C, Holly Energy Partners, L.P., Holly Energy Partners – Operating, L.P., HEP Pipeline, L.L.C., Lovington-Artesia, L.L.C., HEP Logistics Holdings, L.P., Holly Logistics Services, L.L.C. and HEP Logistics GP, L.L.C. (incorporated by reference to Exhibit 10.2 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed June 5, 2009, File No. 1-32225).
10.2	Amendment to Amended and Restated Intermediate Pipelines Agreement, dated December 9, 2010, among Navajo Refining Company, L.L.C, Holly Energy Partners, L.P., Holly Energy Partners – Operating, L.P., HEP Pipeline, L.L.C., Lovington-Artesia, L.L.C., HEP Logistics Holdings, L.P., Holly Logistics Services, L.L.C. and HEP Logistics GP, L.L.C. (incorporated by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.3	Assignment and Assumption Agreement (Amended and Restated Intermediate Pipelines Agreement), effective January 1, 2011, between Navajo Refining Company, L.L.C. and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.5 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.4	Tulsa Equipment and Throughput Agreement, dated August 1, 2009, between Holly Refining & Marketing - Tulsa LLC and HEP Tulsa LLC (incorporated by reference to Exhibit 10.3 of Holly Energy Partners L.P.'s Current Report on Form 8-K filed August 6, 2009, File No. 1-32225).
10.5	Amendment to Tulsa Equipment and Throughput Agreement, dated December 9, 2010, among Holly Refining & Marketing - Tulsa LLC and HEP Tulsa LLC (incorporated by reference to Exhibit 10.7 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.6	Assignment and Assumption Agreement (Tulsa Equipment and Throughput Agreement), effective January 1, 2011, between Holly Refining & Marketing - Tulsa, LLC and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.8 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.7	Tulsa Purchase Option Agreement, dated August 1, 2009, between Holly Refining & Marketing - Tulsa LLC and HEP Tulsa LLC (incorporated by reference to Exhibit 10.4 of Holly Energy Partners L.P.'s Current Report on Form 8-K filed August 6, 2009, File No. 1-32225).
10.8	

	Second Amended and Restated Crude Pipelines and Tankage Agreement, dated July 16, 2013, among Navajo Refining Company, L.L.C., Holly Refining & Marketing Company - Woods Cross LLC, HollyFrontier Refining & Marketing LLC, Holly Energy Partners-Operating, L.P., HEP Pipeline, LLC and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 10.3 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No. 1-03876).
10.9	Third Amended and Restated Crude Pipelines and Tankage Agreement, dated March 12, 2015, by and among Navajo Refining Company, L.L.C., Holly Refining & Marketing Company - Woods Cross LLC, HollyFrontier Refining & Marketing LLC, Holly Energy Partners-Operating, L.P., HEP Pipeline, L.L.C. and HEP Woods Cross L.L.C. (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed March 16, 2015, File No. 1-03876).
10.10	Amended and Restated Refined Product Pipelines and Terminals Agreement, dated December 1, 2009, among Navajo Refining Company, L.L.C., Holly Refining & Marketing Company - Woods Cross, Holly Energy Partners - Operating, L.P., HEP Pipeline Assets, Limited Partnership, HEP Pipeline, L.L.C., HEP Refining Assets, L.P., HEP Refining, L.L.C., HEP Mountain Home, L.L.C. and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 10.9 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed December 7, 2009, File No. 1-32225).

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Exhibit Number	Description
10.11	Assignment and Assumption Agreement (Amended and Restated Refined Product Pipelines and Terminals Agreement), effective January 1, 2011, among Navajo Refining Company, L.L.C., Holly Refining & Marketing - Woods Cross and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.12 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.12	First Amendment to Amended and Restated Refined Product Pipelines and Terminals Agreement, dated November 7, 2013, effective September 30, 2013, among HollyFrontier Refining & Marketing LLC (formerly Holly Refining & Marketing LLC), Holly Energy Partners - Operating, L.P., HEP Pipeline Assets, Limited Partnership, HEP Pipeline, L.L.C., HEP Refining Assets, L.P., HEP Refining L.L.C., HEP Mountain Home, L.L.C. and HEP Woods Cross, L.L.C. (incorporated by reference to Exhibit 10.14 of Registrant’s Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.13	Second Amended and Restated Pipelines and Terminals Agreement, dated February 22, 2016, by and among HollyFrontier Refining & Marketing LLC, HollyFrontier Corporation, Holly Energy Partners - Operating, L.P. and Holly Energy Partners, L.P. (incorporated by reference to Exhibit 10.3 of Registrant’s Current Report on Form 8-K filed February 22, 2016, File No. 1-03876).
10.14	Second Amended and Restated Throughput Agreement (Tucson Terminal), dated September 19, 2013, effective June 1, 2013, among HollyFrontier Refining & Marketing LLC, HEP Refining, L.L.C. and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.5 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, File No. 1-03876).
10.15	Pipeline Throughput Agreement (Roadrunner), dated December 1, 2009, between Navajo Refining Company, L.L.C. and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.4 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed December 7, 2009, File No. 1-32225).
10.16	Assignment and Assumption Agreement (Pipeline Throughput Agreement (Roadrunner)), effective January 1, 2011, between Navajo Refining Company, L.L.C. and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.14 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.17	Assignment and Assumption Agreement (First Amended and Restated Pipelines, Tankage and Loading Rack Throughput Agreement (Tulsa East)), effective January 1, 2011, between Holly Refining & Marketing - Tulsa LLC and Holly Refining & Marketing Company LLC (incorporated by reference to Exhibit 10.17 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2010, File No. 1-03876).
10.18	Second Amended and Restated Pipelines, Tankage and Loading Rack Throughput Agreement, dated August 31, 2011, between Holly Refining & Marketing - Tulsa LLC, HEP Tulsa LLC and Holly Energy Storage - Tulsa LLC (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed September 1, 2011, File No. 1-03876).
10.19	Indemnification Proceeds and Payments Allocation Agreement, dated December 1, 2009, between HEP Tulsa LLC and Holly Refining & Marketing - Tulsa LLC (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed December 7, 2009, File No. 1-03876).

10.20	Pipeline Systems Operating Agreement, dated February 8, 2010, among Navajo Refining Company, L.L.C., Lea Refining Company, Woods Cross Refining Company, L.L.C., Holly Refining & Marketing - Tulsa LLC and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.1 of Holly Energy Partners, L.P.'s Current Report on Form 8-K filed February 9, 2010, File No. 1-32225).
10.21	First Amendment to Pipeline Systems Operating Agreement, dated March 31, 2010, among Navajo Refining Company, L.L.C., Lea Refining Company, Woods Cross Refining Company, L.L.C., Holly Refining & Marketing - Tulsa LLC and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed April 6, 2010, File No. 1-03876).
10.22	Loading Rack Throughput Agreement (Lovington), dated March 31, 2010, between Navajo Refining Company, L.L.C. and Holly Energy Storage-Lovington LLC (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed April 6, 2010, File No. 1-03876).
10.23	First Amended and Restated Lease and Access Agreement (East Tulsa), dated March 31, 2010, among Holly Refining & Marketing-Tulsa, HEP Tulsa LLC and Holly Energy Storage-Tulsa LLC (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed April 6, 2010, File No. 1-03876).
10.24	LLC Interest Purchase Agreement, dated November 9, 2011, among HollyFrontier Corporation, Frontier Refining LLC, Frontier El Dorado Refining LLC, Holly Energy Partners-Operating, L.P. and Holly Energy Partners, L.P. (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed November 10, 2011, File No. 1-03876).

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Exhibit Number	Description
10.25	First Amended and Restated Tankage, Loading Rack and Crude Oil Receiving Throughput Agreement (Cheyenne), dated November 11, 2011, between Frontier Refining LLC and Cheyenne Logistics LLC (incorporated by reference to Exhibit 10.26 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2011, File No. 1-03876).
10.26	Second Amended and Restated Pipeline Delivery, Tankage and Loading Rack Throughput Agreement (El Dorado), dated January 7, 2014, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed January 13, 2014, File No. 1-03876).
10.27	Tenth Amended and Restated Omnibus Agreement, dated September 26, 2014, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed September 29, 2014, File No. 1-03876).
10.28	Eleventh Amended and Restated Omnibus Agreement, dated March 12, 2015, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed March 16, 2015, File No. 1-03876).
10.29	Twelfth Amended and Restated Omnibus Agreement, dated October 16, 2015, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.30	Thirteenth Amended and Restated Omnibus Agreement, dated as of November 2, 2015, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K dated November 3, 2015, File No. 1-03876).
10.31	Fourteenth Amended and Restated Omnibus Agreement, dated February 22, 2016, by and among HollyFrontier Corporation, Holly Energy Partners, L.P. and certain of their respective subsidiaries (incorporated by reference to Exhibit 10.4 of Registrant’s Current Report on Form 8-K filed February 22, 2016, File No. 1-03876).
10.32	Lease and Access Agreement (Cheyenne), dated November 9, 2011, between Frontier Refining LLC and Cheyenne Logistics LLC (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed November 10, 2011, File No. 1-03876).
10.33	First Amendment to Lease and Access Agreement (Cheyenne), effective June 5, 2012, between Frontier Refining LLC and Cheyenne Logistics LLC. (incorporated by reference to Exhibit 10.32 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.34	Lease and Access Agreement (El Dorado), dated November 9, 2011, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC (incorporated by reference to Exhibit 10.6 of Registrant's Current Report on Form 8-K filed November 10, 2011, File No. 1-03876).

10.35	First Amendment to Lease and Access Agreement (El Dorado), effective August 15, 2012, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC. (incorporated by reference to Exhibit 10.34 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.36	Second Amendment to Lease and Access Agreement (El Dorado), effective December 5, 2012, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC. (incorporated by reference to Exhibit 10.35 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.37	Third Amendment to Lease and Access Agreement (El Dorado), dated January 7, 2014, between Frontier El Dorado Refining LLC and El Dorado Logistics LLC. (incorporated by reference to Exhibit 10.36 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2013, File No. 1-03876).
10.38	Senior Unsecured 5-Year Revolving Credit Agreement, dated July 1, 2014, among HollyFrontier Corporation, as borrower, Union Bank, N. A. as administrative agent, and each of the financial institutions party thereto as lenders (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed July 8, 2014, File No. 1-03876).
10.39	Subsidiary Guarantee, dated July 1, 2014, by certain subsidiaries of HollyFrontier Corporation in favor of Union Bank, N. A. as administrative agent (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed July 8, 2014, File No. 1-03876).
10.40*	Release of Subsidiary Guarantee, dated December 29, 2015, by and among HollyFrontier Corporation and Union Bank, N.A.

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Exhibit Number	Description
10.41	Frontier Products Offtake Agreement El Dorado Refinery, dated October 19, 1999, between Frontier Oil and Refining Company and Equiva Trading Company (now Shell Oil Products US, assignee of Equiva Trading Company) (“the Agreement”) and First Amendment to the Agreement dated September 18, 2000, Second Amendment to the Agreement dated September 21, 2000, Third Amendment to the Agreement dated December 19, 2000, Fourth Amendment to the Agreement dated February 22, 2001, Fifth Amendment to the Agreement dated August 14, 2001, Sixth Amendment to the Agreement dated November 5, 2001, Seventh Amendment to the Agreement dated April 22, 2002, Eighth Amendment to the Agreement date d May 30, 2003, Ninth Amendment to the Agreement dated May 25, 2004, Tenth Amendment to the Agreement dated May 3, 2005, Eleventh Amendment to the Agreement dated March 31, 2006, Twelfth Amendment to the Agreement dated May 11, 2006, Thirteenth Amendment to the Agreement dated September 30, 2007, Fourteenth Amendment to the Agreement dated May 1, 2008 and Fifteenth Amendment to the Agreement dated May 28, 2008 (incorporated by reference to Exhibit 10.1 to Frontier Oil Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008, File No. 1-07627).
10.42	Seventeenth Amendment, dated August 27, 2013, to the Frontier Products Offtake Agreement El Dorado Refinery, dated October 19, 1999, between Frontier Oil and Refining Company (now HollyFrontier Refining & Marketing LLC, as successor-by-merger to Frontier Oil and Refining Company) and Equiva Trading Company (now Shell Oil Products US, assignee of Equiva Trading Company) (incorporated by reference to Exhibit 10.5 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, File No. 1-03876).
10.43	Master Crude Oil Purchase and Sale Contract, dated November 1, 2010, among BNP Paribas Energy Trading GP, BNP Paribas Energy Trading Canada Corp., Frontier Oil and Refining Company and Frontier Oil Corporation (incorporated by reference to Exhibit 10.1 to Frontier Oil Corporation's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, File No. 1-07627).
10.44	Guaranty, dated November 1, 2010, by Frontier Oil Corporation in favor of BNP Paribas Energy Trading GP and BNP Paribas Energy Trading Canada Corp. (incorporated by reference to Exhibit 10.1 to Frontier Oil Corporation's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, File No. 1-07627).
10.45	LLC Interest Purchase Agreement, dated July 12, 2012, among HollyFrontier Corporation, Holly Energy Partners, L.P. and HEP UNEV Holdings LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, File No. 1-03876).
10.46	Limited Partial Waiver of Incentive Distribution Rights under the First Amended and Restated Agreement of Limited Partnership of Holly Energy Partners, L.P., dated July 12, 2012 (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, File No. 1-03876).
10.47	Amended and Restated Limited Liability Company Agreement of HEP UNEV Holdings LLC, dated July 12, 2012, among HEP UNEV Holdings LLC, HollyFrontier Holdings LLC and Holly Energy Partners, L.P. (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, File No. 1-03876).

10.48	Amended and Restated Transportation Services Agreement, dated September 26, 2014, by and between HollyFrontier Refining & Marketing LLC and Holly Energy Partners - Operating L.P. (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed September 29, 2014, File No. 1-03876).
10.49	Refined Products Purchase Agreement, dated December 1, 2009, between Holly Refining & Marketing - Tulsa LLC and Sinclair Tulsa Refining Company (incorporated by reference to Exhibit 10.4 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No. 1-03876).
10.50	First Amendment to Refined Products Purchase Agreement, dated May 17, 2010, between Holly Refining & Marketing - Tulsa LLC and Sinclair Tulsa Refining Company (incorporated by reference to Exhibit 10.5 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No. 1-03876).
10.51	Second Amendment to Refined Products Purchase Agreement, dated December 19, 2011, between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation (incorporated by reference to Exhibit 10.6 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No 1-03876).
10.52	Third Amendment to Refined Products Purchase Agreement, dated June 1, 2012, between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation (incorporated by reference to Exhibit 10.7 of Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, File No. 1-03876).

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Exhibit Number	Description
10.53	Fourth Amendment to Refined Products Purchase Agreement, dated February 27, 2014, between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation (incorporated by reference to Exhibit 10.55 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2014, File No. 1-03876).
10.54	Fifth Amendment to Refined Products Purchase Agreement dated June 23, 2014, between HollyFrontier Refining & Marketing LLC and Sinclair Oil Corporation (incorporated by reference to Exhibit 10.56 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2014, File No. 1-03876).
10.55	Unloading and Blending Services Agreement, dated March 12, 2015, by and between HollyFrontier Refining & Marketing LLC, Holly Energy Partners-Operating, L.P. and HEP Refining, L.L.C. (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed March 16, 2015, File No. 1-03876).
10.56	Assignment and Assumption of Agreements, dated as of October 16, 2015, by and between HollyFrontier Refining & Marketing LLC, Navajo Refining Company, L.L.C., Holly Refining & Marketing - Tulsa LLC, Frontier Refining LLC and Frontier El Dorado LLC (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.57	Master Throughput Agreement, dated as of October 16, 2015, by and between HollyFrontier Refining & Marketing LLC and Holly Energy Partners-Operating L.P. (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.58	Amended and Restated Master Throughput Agreement, dated February 22, 2016, by and between HollyFrontier Refining & Marketing LLC and Holly Energy Partners - Operating, L.P. (incorporated by reference to Exhibit 10.5 of Registrant’s Current Report on Form 8-K filed February 22, 2016, File No. 1-03876).
10.59	Construction Payment Agreement, dated as of October 16, 2015, by and between HEP Refining, L.L.C. and HollyFrontier Refining & Marketing LLC (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.60	Services and Secondment Agreement, dated as of October 16, 2015, by and among Holly Logistic Services, L.L.C., Holly Energy Partners-Operating L.P., Cheyenne Logistics LLC, El Dorado Logistics LLC, HollyFrontier Payroll Services, Inc., Frontier Refining LLC and Frontier El Dorado Refining LLC (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.61	Amended and Restated Services and Secondment Agreement, dated as of November 2, 2015, by and among Holly Logistic Services, L.L.C., Holly Energy Partners-Operating L.P., El Dorado Operating LLC, Cheyenne Logistics LLC, El Dorado Logistics LLC, HollyFrontier Payroll Services, Inc., Frontier Refining LLC and Frontier El Dorado Refining LLC (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed November 3, 2015, File No. 1-03876).
10.62	Master Lease and Access Agreement, dated as of October 16, 2015, by and among Frontier El Dorado Refining LLC, Frontier Refining LLC, Holly Refining & Marketing - Tulsa LLC, Holly Refining & Marketing Company - Woods Cross LLC, Navajo Refining Company, L.L.C., El Dorado Logistics LLC,

	Cheyenne Logistics LLC, HEP Tulsa LLC, HEP Woods Cross, L.L.C. and HEP Pipeline, L.L.C. (incorporated by reference to Exhibit 10.6 of Registrant's Current Report on Form 8-K filed October 21, 2015, File No. 1-03876).
10.63	Amended and Restated Master Lease and Access Agreement, dated as of November 2, 2015, by and among Frontier El Dorado Refining LLC, Frontier Refining LLC, Holly Refining & Marketing - Tulsa LLC, Holly Refining & Marketing Company - Woods Cross LLC, Navajo Refining Company, L.L.C., El Dorado Operating LLC, El Dorado Logistics LLC, Cheyenne Logistics LLC, HEP Tulsa LLC, HEP Woods Cross, L.L.C. and HEP Pipeline, L.L.C. (incorporated by reference to Exhibit 10.6 of Registrant's Current Report on Form 8-K filed November 3, 2015, File No. 1-03876).
10.64	LLC Interest Purchase Agreement, dated as of November 2, 2015, by and between HollyFrontier Corporation, Frontier El Dorado Refining LLC and Holly Energy Partners-Operating, L.P. (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed November 3, 2015, File No. 1-03876).
10.65	Master Tolling Agreement (Refinery Assets), dated as of November 2, 2015, by and between Frontier El Dorado Refining LLC and Holly Energy Partners-Operating L.P. (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed November 3, 2015, File No. 1-03876).
10.66	Master Tolling Agreement (Operating Assets), dated as of November 2, 2015, by and between Frontier El Dorado Refining LLC and Holly Energy Partners-Operating L.P. (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed November 3, 2015, File No. 1-03876).

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Exhibit Number	Description
10.67*†	LLC Interest Purchase Agreement, dated February 22, 2016, by and among HollyFrontier Refining & Marketing LLC, HollyFrontier Corporation, Holly Energy Partners - Operating, L.P. and Holly Energy Partners, L.P.
10.68*†	Refined Products Terminal Transfer Agreement, dated February 22, 2016, by and among HEP Refining Assets, L.P., Holly Energy Partners, L.P., El Paso Logistics LLC, HollyFrontier Corporation and Holly Energy Partners - Operating, L.P.
10.69+	HollyFrontier Corporation Long-Term Incentive Compensation Plan (formerly the Holly Corporation Long-Term Incentive Compensation Plan), as amended and restated on May 24, 2007 as approved at the Annual Meeting of Stockholders of Holly Corporation on May 24, 2007 (incorporated by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2008, File No. 1-03876).
10.70+	First Amendment to the HollyFrontier Corporation Long-Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.5 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2008, File No. 1-03876).
10.71+	Second Amendment to the HollyFrontier Corporation Long-Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed May 18, 2011, File No. 1-03876).
10.72+	Third Amendment to the HollyFrontier Corporation Long-Term Incentive Compensation Plan (incorporated by reference to Exhibit 4.6 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).
10.73+	Fourth Amendment to the HollyFrontier Corporation Long-Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed May 15, 2015, File No. 1-03876).
10.74+	Holly Corporation Amended and Restated Change in Control Agreement Policy (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed March 1, 2011, File No. 1-03876).
10.75+	Holly Corporation Employee Form of Change in Control Agreement (for grandfathered Holly Corporation employees) (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed February 20, 2008, File No. 1-03876).
10.76+	HollyFrontier Corporation Form of Change in Control Agreement (for legacy Frontier Oil Corporation executives) (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed February 24, 2012, File No. 1-03876).
10.77+	HollyFrontier Corporation Form of Amendment to Change in Control Agreement for Chief Executive Officer and Chief Financial Officer (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed May 10, 2012, File No. 1-03876).
10.78+	

	HollyFrontier Corporation Form of Change in Control Agreement (for legacy Holly Corporation employees) (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed March 30, 2012, File No. 1-03876).
10.79+	HollyFrontier Corporation Form of Change in Control Agreement (for HollyFrontier Corporation new hires and promotes) (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed March 30, 2012, File No. 1-03876).
10.80+	HollyFrontier Corporation Form of Amendment to Change in Control Agreement for George J. Damiris (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed March 14, 2013, File No. 1-03876).
10.81+	Change in Control Agreement, dated December 21, 2015, between the Company and Michael C. Jennings (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed December 21, 2015, File No. 1-03876).
10.82+	Form of Performance Share Unit Agreement (for 162(m) covered employees) (incorporated by reference to Exhibit 4.11 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).
10.83+	Form of Performance Share Unit Agreement (for non-162(m) covered employees) (incorporated by reference to Exhibit 4.12 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).
10.84+	Form of Restricted Stock Agreement (time-based vesting) (incorporated by reference to Exhibit 4.13 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).

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Exhibit Number	Description
10.85+	Form of Notice of Grant of Restricted Stock (incorporated by reference to Exhibit 4.14 of the Registrant's Registration Statement on Form S-8 filed November 9, 2012, File No. 333-184877).
10.86+	Form of Restricted Stock Unit Agreement (for non-employee directors) (incorporated by reference to Exhibit 10.63 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2012, File No. 1-03876).
10.87+	Form of Notice of Grant of Restricted Stock Units (for non-employee directors) (incorporated by reference to Exhibit 10.64 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2012, File No. 1-03876).
10.88+	Form of Indemnification Agreement entered into with directors and officers of Holly Corporation (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed December 13, 2006, File No. 1-03876).
10.89+	Retention and Assumption Agreement, dated February 21, 2011, among Frontier Oil Corporation, Holly Corporation and Michael C. Jennings (incorporated by reference to Exhibit 10.1 to Frontier Oil Corporation's Current Report on Form 8-K filed February 21, 2011, File No. 1-07627).
10.90+	Retention and Assumption Agreement, dated February 21, 2011, among Frontier Oil Corporation, Holly Corporation and Doug S. Aron (incorporated by reference to Exhibit 10.2 to Frontier Oil Corporation's Current Report on Form 8-K filed February 21, 2011, File No. 1-07627).
10.91+	HollyFrontier Corporation Omnibus Incentive Compensation Plan (formerly the Frontier Oil Corporation Omnibus Incentive Compensation Plan) (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed July 8, 2011, File No. 1-03876).
10.92+	First Amendment to the HollyFrontier Corporation Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed May 15, 2015, File No. 1-03876).
10.93+	HollyFrontier Corporation Executive Nonqualified Deferred Compensation Plan (formerly the Frontier Deferred Compensation Plan) (incorporated by reference to Exhibit 10.73 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2012, File No. 1-03876).
10.94+	Form of Indemnification Agreement between Frontier and each of its officers and directors (incorporated by reference to Exhibit 10.41 to Frontier Oil Corporation's Annual Report on Form 10-K for its fiscal year ended December 31, 2006, File No. 1-07627).
10.95+	Form of Indemnification Agreement between HollyFrontier Corporation and each of its officers and directors (incorporated by reference to Exhibit 10.79 of Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2011, File No. 1-03876).
21.1*	Subsidiaries of Registrant.
23.1*	Consent of Independent Registered Public Accounting Firm.

31.1*	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
101++	The following financial information from Registrant's Annual Report on Form 10-K for its fiscal year ended December 31, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Equity, and (vi) Notes to the Consolidated Financial Statements.

* Filed herewith.
** Furnished herewith.
+ Constitutes management contracts or compensatory plans or arrangements.
++ Filed electronically herewith.
† Exhibit reflects correction of minor clerical error in signature block of previously filed exhibit.

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