



## Aspects of Western Refining, Inc.'s Proposed Acquisition of Giant Industries, Inc.

### Background

On August 28, 2006, Western Refining announced that the Boards of Directors of both Western Refining and Giant Industries had approved a merger agreement in which Western would acquire Giant for approximately \$1.2 billion in cash. Western will additionally assume approximately \$0.3 billion of debt. This transaction transforms Western from the twenty-first-largest domestic refiner at the outset of 2006 into the sixteenth-largest refiner currently, pending approval. The acquisition provides Western Refining with an East Coast presence and increases its significance in the Gulf Coast region. With this acquisition Western Refining enters motor gasoline retailing through its acquisition of Giant's 159 outlets, which are chiefly in Arizona and New Mexico.

The following tables provide company-level data from various public sources to inform discussions of the Western Refining-Giant merger. This data presentation is similar to data presentations that have been previously requested from EIA for other significant energy company mergers and/or corporate alliances.

**Table 1. U.S. Refining Crude Oil Distillation Capacity, Western Refining and Giant, 2005**

(barrels per calendar day)

Western Refining	Giant	Western/ Giant Total	U.S. Total	Percent Share		
				Western Refining	Giant	Western/ Giant Total
116,000	96,200	212,200	17,338,814	0.7%	0.6%	1.2%

Source: Energy Information Administration, [Refinery Capacity Report \(Washington, DC, June 2006\)](#), Table 1 and Table 5 (both PDF format).

Company-level refinery data for regions of the United States (known as Petroleum Administration for Defense (PAD) Districts) are available in Table 2.

**Table 2. U.S. Refining Crude Oil Distillation Capacity, Western Refining and Giant PAD District Detail, 2005**

(barrels per calendar day)

PAD District	Western Refining	Giant	Western/Giant Total	PAD District Total	Percent Share		
					Western Refining	Giant	Western/Giant Total
1	0	58,600	58,600	1,713,100	0.0%	3.4%	3.4%
2	0	0	0	3,582,640	0.0%	0.0%	0.0%
3	116,000	37,600	153,600	8,274,086	1.4%	0.5%	1.9%
4	0	0	0	595,550	0.0%	0.0%	0.0%
5	0	0	0	3,173,438	0.0%	0.0%	0.0%

Source: Energy Information Administration, [Refinery Capacity Report \(Washington, DC, June 2006\)](#), Table 1 and Table 5 (both PDF format).

**Table 3. U.S. Motor Gasoline Retail Outlets, Western Refining and Giant, 2005**

Western Refining	Giant	Western/Giant Total	Western/Giant Total as a Percent of U.S. Retail Outlets	U.S. Retail Outlets
0	157 <sup>a</sup>	157 <sup>a</sup>	0.1%	167,476

<sup>a</sup>Giant's U.S. motor gasoline retail outlets are located in Arizona (24 of which are branded "Giant," 16 of which are branded "Conoco," and 18 of which are branded "Mustang," which account for at least 58 outlets and comprise 3 percent of the 2,190 outlets in Arizona), Colorado (6 of which are branded "Giant," 1 of which is branded "Conoco," and 3 of which are branded "Mustang," which account for at least 10 outlets and comprise 0.4 percent of the 2,300 outlets in Colorado), and New Mexico (27 of which are branded "Giant," 18 of which are branded "Conoco," and 18 of which are branded "Mustang," which account for at least 63 outlets and comprise 4 percent of the 1,478 outlets in New Mexico). Additionally, one "Conoco" branded outlet in Utah is reported.

Note that Western Refining's press release announcing the acquisition reports 159 outlets, however information on Giant's web site only accounts for 132 outlets and another 37 cardlock operations, one of which apparently is located at a Giant branded outlet. Consequently, the phrase "which account for at least X outlets" is used when discussing the share of a particular state's outlets the resulting company would hold.

Sources: **Company information:** Giant Industries, Inc., web site ( <http://www.giant.com/> (as of September 11, 2006)) and U.S. Securities and Exchange Commission Form 10-K filing. **U.S. and state information:** *National Petroleum News*, Market Facts 2006 (mid-July 2006), p. 98.

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