# Frontier Oil Reports Record Quarter and Six-Month Results

HOUSTON, Aug 04, 2005 /PRNewswire-FirstCall via COMTEX/ -- Frontier Oil Corporation (NYSE: FTO) today announced net income of $66.0 million, or $1.16 per diluted share for the quarter ended June 30, 2005, compared to net income of $49.5 million, or $0.91 per diluted share, for the same period of 2004. Frontier's income before taxes of $105.7 million for the second quarter of 2005 is a record for the Company, significantly higher than the previous record $92.8 million earned in the second quarter of 2001. For the six months ended June 30, 2005, net income totaled a record $100.4 million, or $1.78 per diluted share, considerably above the $45.7 million, or $0.84 per diluted share for the six months ended June 30, 2004 and our previous record of $83.4 million, or $1.53 per diluted share for the six months ended June 30, 2001.

Frontier continues to benefit from record diesel crack spreads and wide crude oil differentials. The diesel crack spread increased to an average of $15.51 per barrel for the recent quarter, more than double the $7.39 per barrel in the second quarter of 2004 while the gasoline crack spread declined to an average of $12.50 per barrel in the second quarter compared to an average $14.23 per barrel in 2004. The light/heavy crude oil differential increased to $14.15 per barrel for the quarter compared to $8.81 for the same period in 2004. Similarly, the WTI/WTS crude oil differential increased to $4.67 per barrel for the quarter compared to $3.29 per barrel for the second quarter of 2004.

Frontier's high refinery utilization rates also contributed to the outstanding second quarter 2005 results. Crude oil charge for the quarter averaged 156,352 barrels per day. In addition, Frontier had built significant intermediate inventory in the first quarter of 2005 due to turnaround activity at its El Dorado Refinery and was able to process that inventory into finished products in the second quarter. As a result, total product sales averaged 176,514 barrels per day for the second quarter 2005, compared to 171,460 barrels per day in the second quarter of 2004.

Frontier's Chairman, President and CEO, James Gibbs, commented, "Our net income of $100.4 million for the first six months of this year is close to the record $107.7 million we earned for the entire year of 2001. Crack spreads and crude oil differentials remain strong and we are extremely confident 2005 should be the best year in our Company's history."

Frontier's balance sheet was in excellent shape at quarter end with a cash balance of $168.0 million and no borrowings under the Company's revolving credit facility. Frontier's cash exceeded its debt by $18 million as of June 30, 2005.

The second quarter 2005 results include an after-tax inventory loss of approximately $1.0 million, or $0.02 per diluted share, compared to a gain of $5.7 million, or $0.11 per diluted share, for the same period of 2004. The six months ended June 30, 2005 include an after-tax inventory gain of $18.4 million, or $0.33 per diluted share, compared to a gain of $14.7 million, or $0.27 per diluted share, for the six-month period ended June 30, 2004.

Conference Call

A conference call is scheduled for today, August 4, 2005, at 11:00 a.m. eastern time, to discuss the financial results. To access the call, please dial (800) 949-2165. For those individuals outside the United States, please call (312) 461-0285. A recorded replay of the call may be heard through August 18, 2005 by dialing (888) 203-1112 (international callers (719) 457-0820) and entering the code 5477634. In addition, the real-time conference call and a recorded replay will be webcast by PR Newswire. To access the call or the replay via the Internet, go to http://www.frontieroil.com and register from the Investor Relations page of the site.

Frontier operates a 110,000 barrel-per-day refinery located in El Dorado, Kansas, and a 52,000 barrel-per-day refinery located in Cheyenne, Wyoming, and markets its refined products principally along the eastern slope of the Rocky Mountains and in other neighboring plains states. Information about the Company may be found on its web site http://www.frontieroil.com .

This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. Such statements are those concerning strategic plans, expectations and objectives for future operations. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward- looking statements. These statements are based on certain assumptions made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Investors are

cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

FRONTIER OIL CORPORATION

| | Six Months Ended June 30 | | Three Months Ended June 30 | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| INCOME STATEMENT DATA ($000's except per share) | | | | |
| Revenues | $1,664,920 | $1,273,236 | $972,280 | $735,904 |
| Raw material, freight and other costs | 1,351,051 | 1,048,451 | 792,728 | 583,868 |
| Refining operating expenses, excluding depreciation | 115,175 | 106,403 | 53,824 | 51,113 |
| Selling and general expenses, excluding depreciation | 16,441 | 13,846 | 9,402 | 7,171 |
| Merger termination and legal costs | 37 | 3,663 | 33 | 376 |
| Operating income before depreciation and amortization | 182,216 | 100,873 | 116,293 | 93,376 |
| Depreciation and amortization | 16,865 | 15,762 | 8,605 | 7,943 |
| Operating income | 165,351 | 85,111 | 107,688 | 85,433 |
| Interest expense and other financing costs | 5,976 | 11,805 | 2,939 | 5,949 |
| Interest income | (1,727) | (405) | (990) | (204) |
| Gain on involuntary conversion of assets | --- | (594) | --- | (594) |
| Provision for income taxes | 60,705 | 28,572 | 39,778 | 30,813 |
| Net income | $100,397 | $45,733 | $65,961 | $49,469 |
| Net income per diluted share | $1.78 | $0.84 | $1.16 | $0.91 |
| Average shares outstanding (000's) | 56,390 | 54,448 | 56,820 | 54,625 |
| | | | | |
| OTHER FINANCIAL DATA ($000's) | | | | |
| Adjusted EBITDA (1) | $182,216 | $101,467 | $116,293 | $93,970 |
| Cash flow before changes in working capital | 146,658 | 83,423 | 88,690 | 79,696 |
| Working capital changes | (47,494) | (20,025) | 32,221 | (448) |
| Net cash provided by operating activities | 99,164 | 63,398 | 120,911 | 79,248 |
| Net cash used by investing activities | (58,375) | (30,100) | (29,904) | (12,111) |
| | | | | |
| OPERATIONS | | | | |
| Consolidated Operations (bpd) | | | | |
| Total charges | 161,005 | 162,484 | 171,316 | 172,951 |
| Gasoline yields | 77,715 | 80,625 | 88,306 | 86,782 |
| Diesel yields | 53,610 | 51,188 | 58,060 | 54,917 |
| Total sales | 161,297 | 160,050 | 176,514 | 171,460 |
| | | | | |
| Refinery operating margins information ($ per bbl) | | | | |
| Refined products revenue | $57.01 | $43.88 | $60.46 | $47.27 |
| Raw material, freight and other costs | 46.28 | 35.99 | 49.35 | 37.42 |
| Refinery operating expenses excluding depreciation | 3.95 | 3.65 | 3.35 | 3.28 |
| Refinery depreciation and amortization | 0.57 | 0.52 | 0.53 | 0.49 |

| | | | | |
|---|---|---|---|---|
| Light/Heavy crude spread ($ per bbl) | $14.13 | $8.49 | $14.15 | $8.81 |
| WTI/WTS Differential ($ per bbl) | 4.68 | 3.09 | 4.67 | 3.29 |

| BALANCE SHEET DATA ($000's) | At June 30, 2005 | At December 31, 2004 |
|---|---|---|
| Cash, including cash equivalents (a) | $167,997 | $124,389 |
| Working capital | 190,264 | 97,261 |
| Short-term and current debt (b) | --- | --- |
| Total long-term debt (c) | 150,000 | 150,000 |
| Shareholders' equity (d) | 350,678 | 240,113 |
| Net debt to book capitalization (b+c-a)/(b+c-a+d) | -5.4% | 9.6% |

(1) Adjusted EBITDA represents income before interest expense, interest income, income tax, and depreciation and amortization. Adjusted EBITDA is not a calculation based upon generally accepted accounting principles; however, the amounts included in the adjusted EBITDA calculation are derived from amounts included in the consolidated financial statements of the Company. Adjusted EBITDA should not be considered as an alternative to net income or operating income, as an indication of operating performance of the Company or as an alternative to operating cash flow as a measure of liquidity. Adjusted EBITDA is not necessarily comparable to similarly titled measures of other companies. Adjusted EBITDA is presented here because it enhances an investor's understanding of Frontier's ability to satisfy principal and interest obligations with respect to Frontier's indebtedness and to use cash for other purposes, including capital expenditures. Adjusted EBITDA is also used for internal analysis and as a basis for financial covenants. Frontier's adjusted EBITDA for the six and three months ended June 30, 2005 and 2004 is reconciled to net income as follows:

| | Six Months Ended June 30 | | Three Months Ended June 30 | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| Net income | $100,397 | $45,733 | $65,961 | $49,469 |
| Add provision for income taxes | 60,705 | 28,572 | 39,778 | 30,813 |
| Add interest expense and other financing costs | 5,976 | 11,805 | 2,939 | 5,949 |
| Subtract interest income | (1,727) | (405) | (990) | (204) |
| Add depreciation and amortization | 16,865 | 15,762 | 8,605 | 7,943 |
| Adjusted EBITDA | $182,216 | $101,467 | $116,293 | $93,970 |

SOURCE Frontier Oil Corporation

Doug Aron of Frontier Oil Corporation, +1-713-688-9600, ext. 145

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