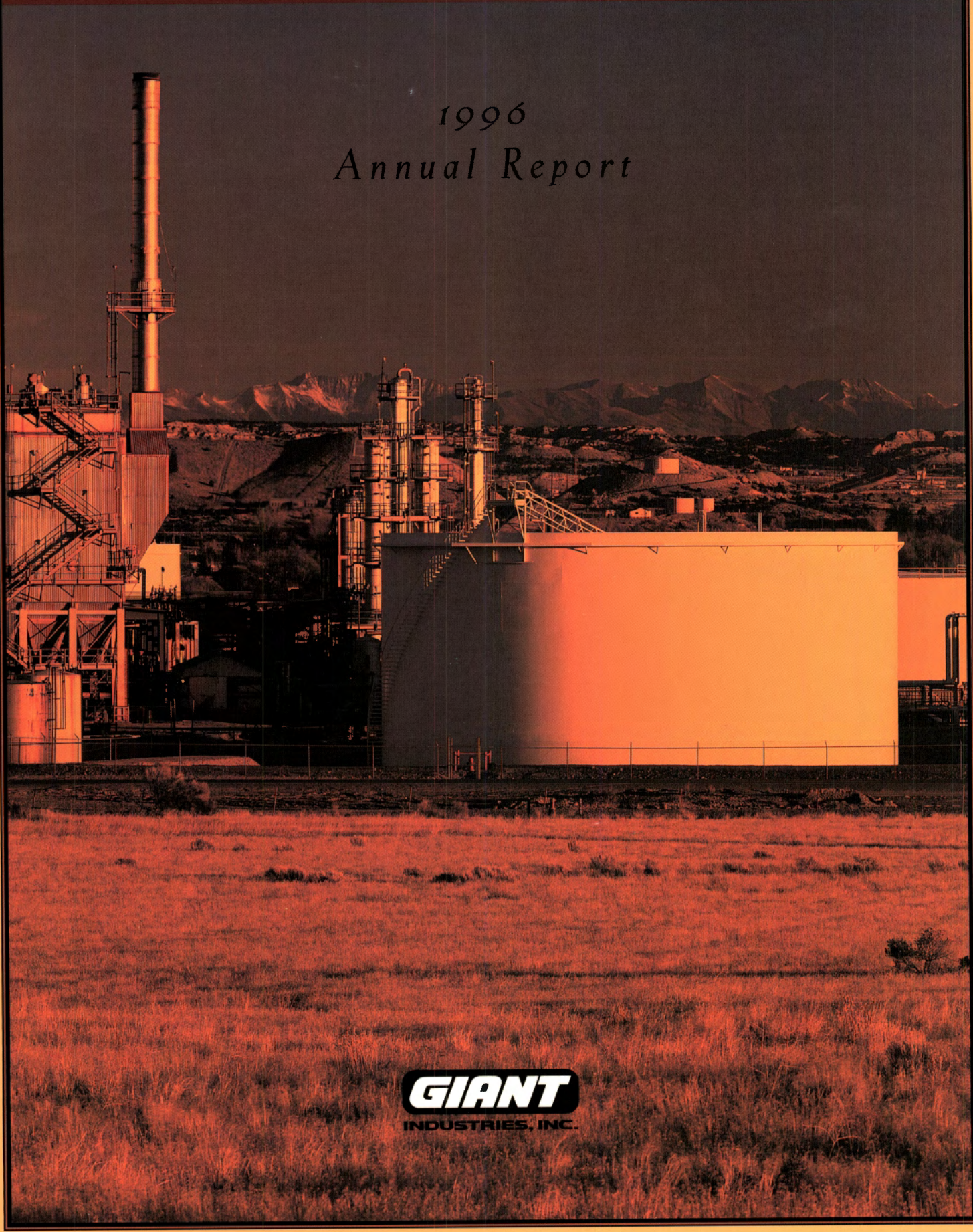
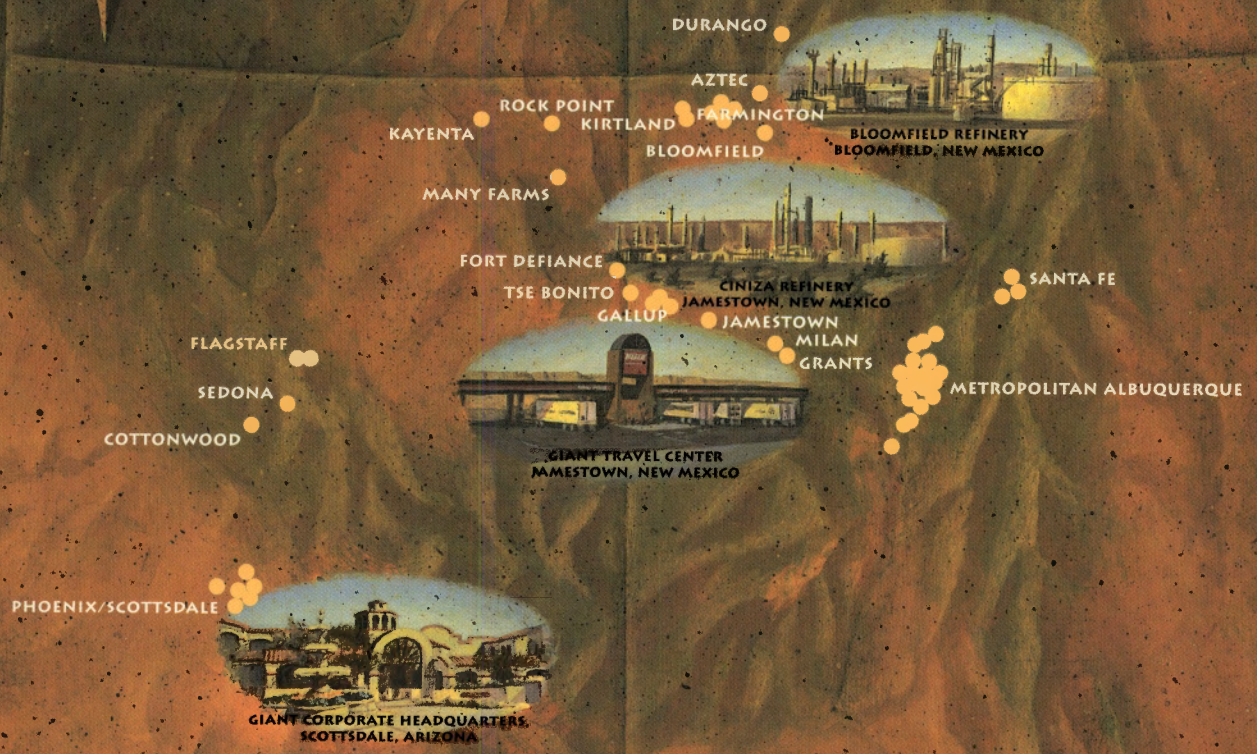
GRCC 3/3/97

"GIANT IS POSITIONED TO LEAP TO THE NEXT LEVEL OF GROWTH AND PROFITABILITY." — JIM ACRIDGE, CHAIRMAN OF THE BOARD

1996 Annual Report



GIANT INDUSTRIES, INC.



● EACH DOT REPRESENTS ONE GIANT SERVICE STATION/CONVENIENCE STORE

GIANT INDUSTRIES, INC. IS A REFINER AND MARKETER OF PETROLEUM PRODUCTS. GIANT OWNS AND OPERATES TWO CRUDE OIL REFINERIES, CINIZA AND BLOOMFIELD, BOTH LOCATED IN NEW MEXICO, A FLEET OF CRUDE OIL AND FINISHED PRODUCT TRUCK TRANSPORTS, A TRAVEL CENTER AND A CHAIN OF RETAIL SERVICE STATIONS AND CONVENIENCE STORES IN NEW MEXICO, COLORADO, AND ARIZONA.

Five-Year Financial and Operating Highlights

IN THOUSANDS, EXCEPT PERCENTAGES, PER SHARE AND OPERATING DATA

	Year Ended December 31,	1996	1995	1994	1993	1992
INCOME DATA						
CONTINUING OPERATIONS	Net Revenues	**$ 499,184**	$ 332,888	$ 291,623	$ 313,187	$ 301,700
	Gross Margin	**137,320**	98,617	96,134	103,418	81,372
	EBITDA[1]	**58,174**	36,222	34,114	44,317	28,512
	Operating Income	**39,730**	20,638	20,135	31,416	15,283
	Interest Expense (net)	**11,547**	9,267	10,072	4,279	7,118
	Pretax Income	**28,183**	11,371	10,063	27,137	8,165
	Provision for Income Taxes	**11,132**	3,638	2,608	9,597	1,077
	Net Earnings	**17,051**	7,733	7,455	17,540	7,088
	Earnings Per Share	**$ 1.52**	$ 0.68	$ 0.61	$ 1.43	$ 0.58
DISCONTINUED OPERATIONS	Net Earnings (Loss)	**$ (13)**	$ 143	$ (2,934)	$ (11,275)	$ (9,505)
	Earnings (Loss) Per Share	**$**	$ 0.01	$ (0.24)	$ (0.92)	$ (0.78)
	Weighted Average Shares Outstanding	**11,220**	11,479	12,127	12,225	12,231
	Dividends Paid Per Share	**$ 0.20**	$ 0.20			
BALANCE SHEET						
	Working Capital	**$ 21,541**	$ 50,328	$ 86,416	$ 88,027	$ 47,200
	Net Assets of Discontinued Operations		26,689	20,396	23,969	34,932
	Net Fixed Assets	**213,545**	198,562	137,958	134,904	137,213
	Total Assets	**324,007**	324,862	279,445	274,426	233,331
	Long-Term Debt	**113,081**	142,676	116,090	117,270	86,884
	Long-Term Debt as a % of Total Capital	**48.1%**	56.5%	51.4%	52.5%	46.8%
	Stockholders' Equity	**122,124**	109,732	109,690	105,914	98,602
	Book Value Per Share	**$ 11.00**	$ 9.75	$ 9.15	$ 8.69	$ 8.07
	Return on Average Equity	**14.7%**	7.2%	4.2%	5.8%	
OPERATING SUMMARY						
CONTINUING OPERATIONS						
Refining	Crude Oil/NGL Throughput (BPD)[2]	**40,197**	28,708	23,624	25,347	25,648
	Refinery Sourced Sales Barrels (BPD)[2]	**38,814**	27,430	23,054	24,412	24,477
	Average Crude Oil Costs ($/Bbl)	**$ 21.80**	$ 18.41	$ 16.97	$ 18.09	$ 20.21
	Refining Margin ($/Bbl)	**$ 6.21**	$ 5.13	$ 5.60	$ 6.69	$ 4.77
Retail	Fuel Gallons Sold (000's)[3]	**105,797**	107,394	115,887	103,277	105,961
	Fuel Margins ($/Gal)[3]	**$ 0.185**	$ 0.177	$ 0.178	$ 0.167	$ 0.141
	Merchandise Sales ($ in 000's)	**$ 49,129**	$ 45,731	$ 42,656	$ 32,492	$ 28,200
	Merchandise Margins (%)	**32%**	33%	33%	33%	34%
	Number of Units at End of Period	**53**	52	51	52	43
	Retail Fuel Volumes Sold as a % of Refinery Source Sales Barrels[3]	**18%**	26%	33%	28%	28%
Operating Income (Loss)(in 000's)	Refining	**$ 51,835**	$ 27,425	$ 24,731	$ 40,503	$ 24,073
	Retail	**3,647**	6,264	6,997	4,014	2,848
	Corporate	**(15,752)**	(13,051)	(11,593)	(13,101)	(11,638)
	Total	**$ 39,730**	$ 20,638	$ 20,135	$ 31,416	$ 15,283
Capital Expenditures (in 000's)	Refining	**$ 21,514**	$ 63,318	$ 10,711	$ 7,788	$ 8,065
	Retail	**14,018**	10,265	8,889	941	
	Corporate	**704**	1,485	345	555	223
	Total	**$ 36,236**	$ 75,068	$ 19,945	$ 9,284	$ 8,288

[1] EBITDA = Earnings before interest expense, taxes, depreciation and amortization.
[2] Includes the Bloomfield Refinery from October 1995.
[3] In the fourth quarter of 1996, certain operations previously reported as part of the Company's retail division were transferred to the refining division as part of a reorganization. The amounts reflected here have been restated to reflect this reorganization.

Dear Fellow Stockholders:

"Growth" — It does not just happen. It must be planned, measured and rewarded. Growth is not only about increasing the top line — sales, but is also about increasing the bottom line — profit and shareholder value. I have read several times recently that an eternal commitment to the top and bottom line is the "new ticket" to success. This concept is not a "new ticket" at Giant as dedication to profitable growth and the bottom line has been the definition of success since the Company began in 1969.

Our commitment to this concept is evidenced by our financial growth during 1996. Our earnings per share significantly increased in 1996 to $1.52 from $0.69 in 1995. Our cash flow increased to $3.68 per share in 1996 from $1.98 per share in 1995. Our return on equity in 1996 was 15% compared to 7% in 1995, and our return on assets was 8% in 1996 compared to 5% in 1995. I am proud of these financial results and proud of our loyal personnel who made these results possible through their commitment to our strategic goals and our success.

In 1996 we took some major steps to increase our concentration on

our core business and emphasize our strengths. We disposed of underperforming and non-strategic assets, among these oil and gas assets that were sold for $25,500,000. We reduced the Company's debt and improved our liquidity. Today, the Company enjoys its strongest financial position ever.

Our existing operations were enhanced during the year by the successful integration of the Bloomfield refinery and Meridian crude oil gathering operations, both acquired in late 1995. This success is measured by operating and production efficiencies and administrative cost savings.

We also acquired seven service stations in June of 1996. This acquisition, along with the two service station/convenience stores we constructed, represents additional sales volumes for our refineries, improves our downstream integration, and gives us additional controlled volumes in our primary market. In addition, we remodeled 28 existing stores that now conform to our new convenience store concept. Some stores include deli operations, and all include an aggressive merchandising and marketing program that continues to deliver significant profits from increased merchandise sales. The performance of our service station/convenience stores constructed since 1990 continues to significantly exceed the national sales averages.

Giant's long-term growth strategy is to become a multi-regional refining and marketing company. As a result we will continue to aggressively search for added refining capacity that fits our well-defined criteria and strategic focus. Also planned for 1997 are certain projects in our current refining operations that will increase our processing capacity. Anticipated growth for our retail division is aggressive as we expect to acquire or construct a minimum of 26 retail stores. During 1997 we will add to the momentum we began in 1996 and will continue to fine tune and strengthen every area of our operations. Our commitment to the bottom line will channel us toward building on Giant's good reputation with our customers and suppliers, furthering our partnerships with local communities, implementing programs that will allow us to use our strengths to our advantage and aggressively pursuing our acquisition strategy.

Our current strong financial position combined with continuing strong cash flows puts us in a position to aggressively pursue opportunities that will lead to Giant's growth and will result in improvements to the bottom line and shareholder value.

We all look forward to an exciting year in 1997 and to the opportunity to aggressively build on the foundation we established in 1996. Thanks for your continued support and confidence in our personnel, our board of directors and our management team.

Kindest Regards,

James E. Acridge

JAMES E. ACRIDGE
Chairman of the Board

Refining Growth

The Company's two refineries, Ciniza and Bloomfield, serve the fast-growing Four Corners market, the area where New Mexico, Arizona, Colorado and Utah join. The Company's refining margins in this market have historically been higher than those on the Gulf and West coasts as shown in the graph "Refining Margins". The reasons include: (1) the majority of the market is not directly served by petroleum product pipelines; (2) a widely dispersed population, which is effectively served by Giant's transportation fleet, giving the Company the flexibility to direct the sale of refined products into the highest value segments of the market on a daily basis, and (3) efficiencies realized at the refineries from the use of high quality, locally available crude oil and natural gas liquids.

Roy Armenta

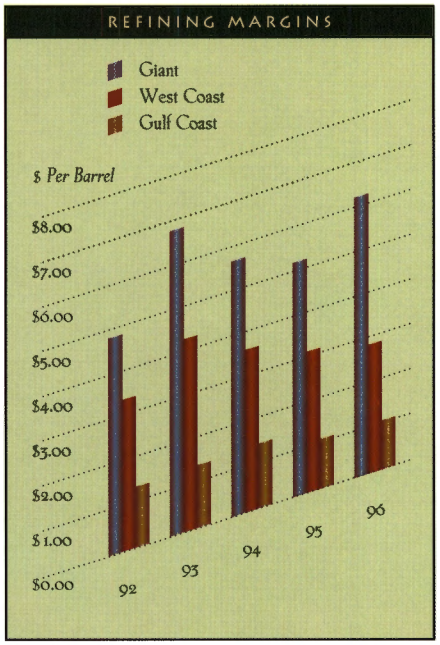
The men and women of Giant's Crude Oil Gathering and Pipeline Operations often work in remote locations and inclement weather conditions to bring crude oil to our refineries. Roy Armenta, pipeline manager and a 23-year veteran in the business, embodies the enthusiastic spirit of these dedicated individuals. The new challenges and additional demands brought about by the Bloomfield refinery and Meridian crude oil gathering acquisitions were effectively and efficiently handled by Roy and his hard-working team.

CASH FLOW FROM REFINING OPERATIONS WAS $63.4 MILLION IN 1996 COMPARED TO $38.5 MILLION IN 1995, PRIMARILY AS A RESULT OF THE BLOOMFIELD ACQUISITION.

GIANT'S LONG-TERM GROWTH STRATEGY IS TO BECOME A MULTI-REGIONAL REFINING AND MARKETING COMPANY.

The Bloomfield refinery and Meridian crude oil gathering operations were acquired in late 1995. As anticipated, the integration of these acquisitions into the Company's existing refining operations in 1996 has resulted in cost savings and operating efficiencies. These savings and efficiencies include consolidation of various operations, reduced cost of raw materials, transportation cost savings, administrative cost savings, better coordination of staffing, and production improvements. During 1996, the Bloomfield refinery contributed earnings before interest, taxes, depreciation and amortization (EBITDA) of $24 million.

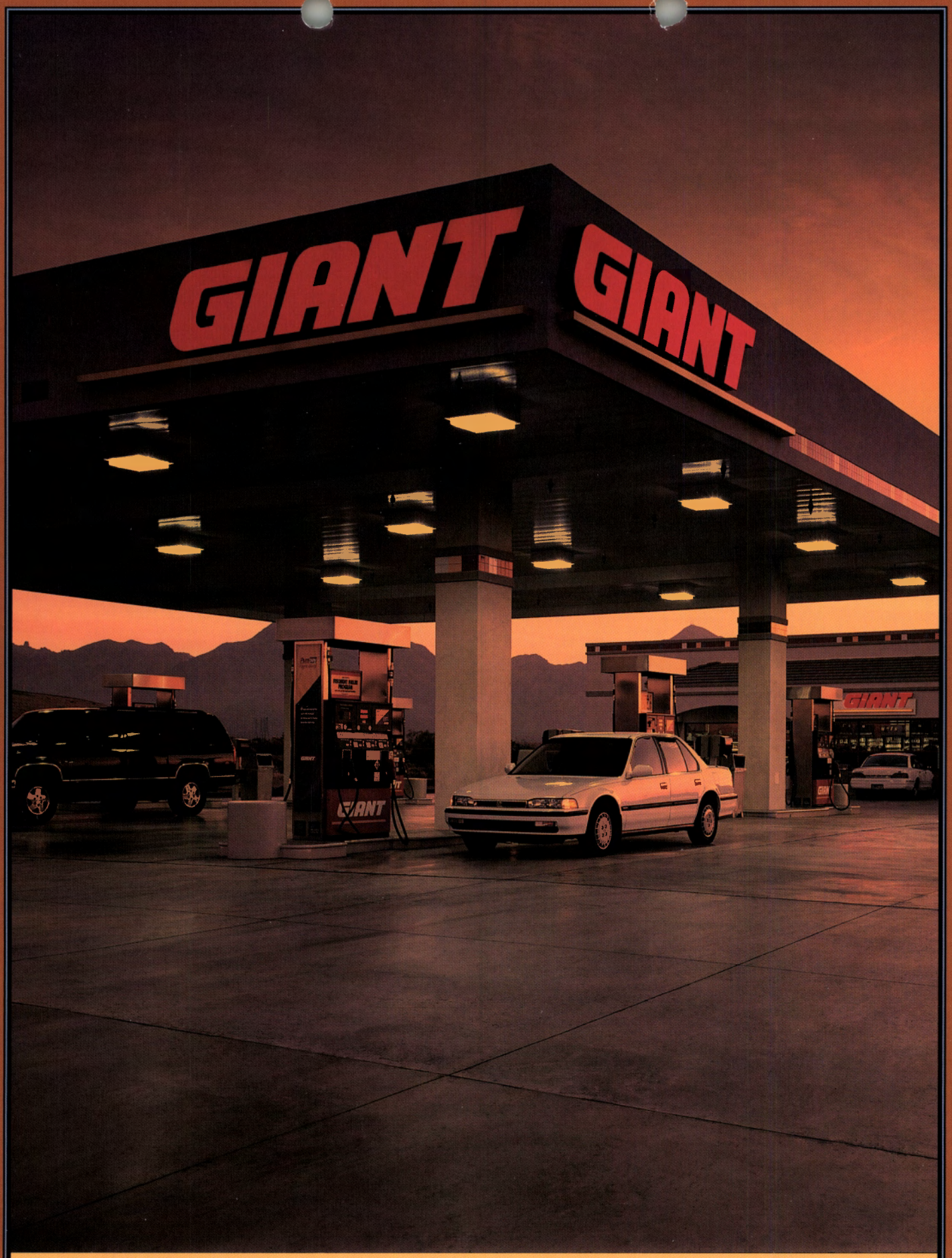
Refinery sales increased to 39,000 barrels per day in 1996 as compared to 27,000 barrels per day in 1995. This is a result of the acquisition of the Bloomfield refinery. During 1997, the Company plans to complete capital projects that will increase refined product outturns by 2,500 barrels per day. These projects include the debottlenecking of the reformer units at both the Ciniza and Bloomfield refineries. In addition, the Company plans to construct a deisopentanizer unit at the Ciniza refinery that will process natural gas liquids, providing additional gasoline production. As a result of stronger product demand in



the market area and efficiencies realized through the acquisition of the Bloomfield refinery and Meridian crude oil gathering operations, refining margins increased to $6.21 per barrel in 1996 from $5.13 in 1995. In a year when overall U.S. refining margins and results were generally disappointing, these improvements and efficiencies resulted in EBITDA from refinery operations of $63.4 million in 1996 compared to $35.8 million in 1995.

The refining business continues to change at a rapid pace. As a result, the Company continues to encounter competitive challenges. Industry consolidation and proposals for new pipelines are two of these challenges. During the past year, feasibility studies for new pipelines into the Company's market area have been reported. The Company's response to these developments has been to increase retail integration, develop longer-term supply arrangements with existing customers, and a planned initiation of jobber/franchise programs, among others. These actions provide the Company with increased control over refinery volumes in its primary market area.

Giant's long-term growth strategy is to become a multi-regional refining and marketing company and to gain efficiencies and economies of scale through consolidation. The Company, therefore, continues to pursue refinery acquisition opportunities. However, as was demonstrated with the purchase of the Bloomfield refinery, the only goal of any acquisition is to increase profits and shareholder value.



PERFORMANCE OF GIANT SERVICE STATION/CONVENIENCE STORES CONSTRUCTED SINCE 1990 SIGNIFICANTLY EXCEEDS NATIONAL AVERAGES.

Retail Growth

The downstream integration resulting from Giant's retail operations provides controlled volume for a portion of our refinery production and contributes stability to the Company's earnings. Retail gross profits have been increasing steadily for the past five years as compared to the sometimes volatile refining gross profits. Contributing significantly to this gross profit growth is the performance of Giant's new service station/convenience stores constructed since 1990 when the Company adopted a new retail concept. The "Retail Performance Compared to National Averages" table to follow reflects this performance. In 1996, 18% of refinery sales were marketed by Giant's retail operations. The Company's goal is to aggressively increase this percentage over the next three years.

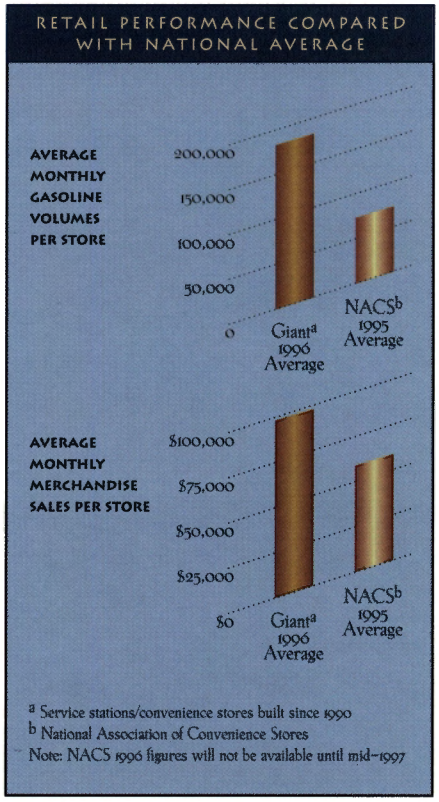
Vergie Johns

Often our retail stores are the public's only exposure to Giant. First impressions are vital, so we pride ourselves on employees like Vergie Johns. For the past 12 years as Manager of one of our Gallup, New Mexico stores, Vergie has demonstrated the kind of enthusiasm and professionalism to both customers and staff which give Giant its reputation for unmatched excellence in customer service.

During 1996, Giant acquired seven units in the Four Corners market from Diamond Shamrock. Fuel sales from these units add controlled volumes to the Company's refineries. In addition, it is anticipated that merchandise sales can be increased significantly in these units. The Company also constructed two new service station/convenience stores in 1996 (Albuquerque, New Mexico and Sedona, Arizona) and substantially remodeled 28 existing units. These units now conform to Giant's new convenience store concept that includes vivid graphic designs, new signage and improved lighting. Some stores include deli operations, and all include an aggressive merchandising and marketing program that continues to result in significant sales increases.

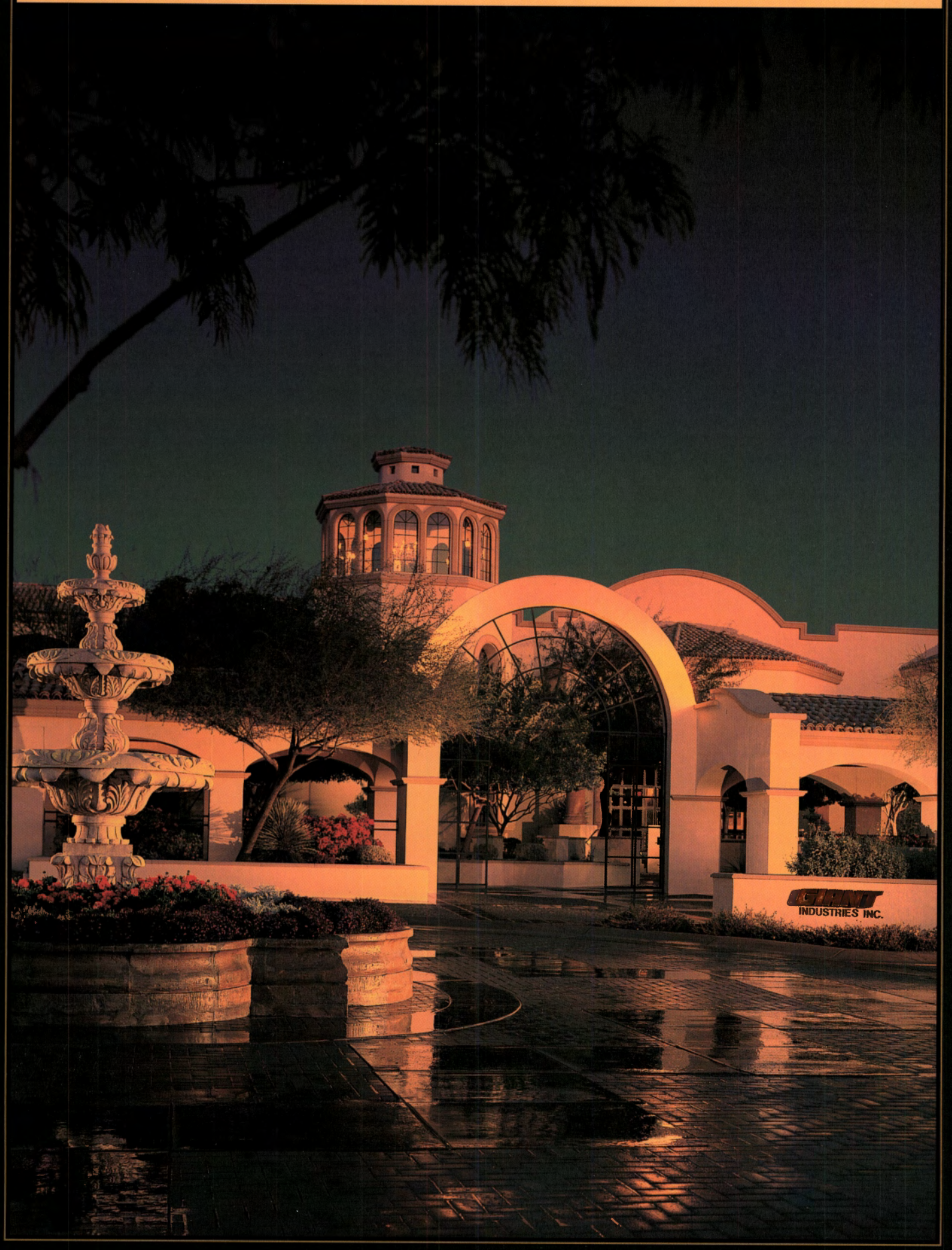
The Company sold eight retail units in 1996. These sales are part of an ongoing plan for the review and disposal of non-strategic and underperforming assets.

Operating income from retail operations decreased in 1996 to $3.6 million as compared to $6.3 million in 1995 as a result of an increase in operating costs of $3.5 million. The increase in operating costs is primarily attributable to the new higher cost units the Company has constructed and remodeled but whose operations have not yet matured. As these units mature, the Company expects the gross profit to increase significantly while operating costs are expected to remain unchanged or decrease. In addition, operating costs increased due to new marketing concepts introduced during the year such as limited service at the pump and increased deli operations. The Company is currently evaluating effectiveness of these programs, along with all other costs in the retail operations.



While Giant's growth strategy includes the acquisition of additional refining capacity in markets other than the Four Corners, the timing of such acquisitions cannot be predicted. However, the Company can and will continue to grow through its retail network. Capital expenditure plans for 1997 include the construction or acquisition of a minimum of 26 additional units. The Company is also studying the development of a jobber/franchise network and is considering proposals to brand certain of its units with national brands. These strategies should provide steady earnings as an offset to more volatile refining margins and should enhance refinery product distribution by expanding retail operations and increasing retail sales.

IN 1996 GIANT PAID OFF $32 MILLION IN LONG-TERM DEBT, PUTTING THE COMPANY IN THE BEST FINANCIAL POSITION IN ITS 27-YEAR HISTORY.



GIANT'S NEW CONVENIENCE STORE CONCEPT INCLUDES AN AGGRESSIVE MERCHANDISING AND MARKETING PROGRAM THAT CONTINUES TO RESULT IN SIGNIFICANT SALES INCREASES.

Corporate Growth

Giant intends to grow through the acquisition of additional refining capacity and the construction and acquisition of new retail units. The Company intends to maintain a prudent capital structure while financing this growth. This translates into a long-term target ratio of total debt to total capital in the range of 40-45%. While acquisitions may well increase this ratio beyond the Company's target range, there will be a clear strategy developed to bring the ratio back to the target range. The Company is willing to consider selling equity or certain assets to expand the core business and maintain its capital structure. During 1996, as a result of strong operating cash flows and cash proceeds from the sale of the Company's oil and gas assets, long-term debt was reduced by $32 million. In addition, due to strong earnings, equity grew by $12.4 million. At December 31, 1996, the total debt to total capitalization ratio was 48% as compared to 57% at December 31, 1995. This places Giant in the best financial position in its history and in a favorable position to finance growth.

Capital expenditures were $36 million in 1996. Approximately 75% of these capital expenditures were in the discretionary growth category with estimated rates of return in excess of the Company's cost of capital. The Company's capital expenditures budget for 1997 is currently projected at approximately $80 million. This budget includes funds for the acquisition or construction of a minimum of 26 new retail units and the refinery expansion projects discussed in other sections of this annual report.

Jeannine Skipper

Our corporate office in Scottsdale, Arizona houses a wide array of talented management and administrative personnel. Jeannine Skipper, a 15-year Corporate Administrator, personifies the kind of flexible and innovative people found here. Jeannine provides sophisticated word processing services to employees throughout the Company. She characterizes the unselfish, devoted individual that Giant depends on to guarantee future growth and success.

Special Employee Recognition

GIANT HAS ESTABLISHED SEVERAL AWARDS TO RECOGNIZE OUTSTANDING PERFORMANCE IN ITS EMPLOYEES. THE ALVIS J. MOORE AWARD, NAMED IN MEMORY OF GIANT'S FIRST EXECUTIVE VICE-PRESIDENT, IS GIVEN TO AN EMPLOYEE WHO VOLUNTEERS PERSONAL TIME TO IMPROVE THE QUALITY OF LIFE FOR OTHERS. THE CHAIRMAN'S AWARD IS GIVEN TO AN INDIVIDUAL WHO DEMONSTRATES AN EXEMPLARY ACT OF CUSTOMER SERVICE.

Sandra Barris

ALVIS J. MOORE AWARD

A serious accident three years ago left a Ciniza refinery employee in critical condition. He was flown to medical facilities in Albuquerque where his extended family joined him. Sandra Barris, administrative supervisor, immediately provided help and compassion to this employee and his family. She also committed practically every weekend for two years to drive from Grants, New Mexico to Albuquerque, a 178-mile round trip, to provide support.

In 1996 Sandra continued to aid the employee and his family by securing temporary housing, helping with issues and troubleshooting hospital care. She made bi-weekly commutes to Albuquerque, spent holidays with the family and ensured the best possible care and conditions for everyone involved.

Giant is honored to have Sandra Barris as our first Alvis J. Moore Award recipient.

Ashley Bungert

CHAIRMAN'S AWARD

Ashley Bungert, Santa Fe store manager, has consistently demonstrated superior customer service and has been nominated several times for this award.

On one occasion Ashley encountered two distraught motorists by his Giant station. Their car had broken down while en route to their husband's and father's grave. Ashley loaned his own car on the spot to the elderly woman and her daughter so they could continue the trip. Upon their return, Ashley not only had their car towed at his own expense, but also drove them safely home.

On another occasion Ashley stopped by a Giant store in Albuquerque early one Sunday morning to find police investigating a bomb threat. Officers checked the facility but found no evidence of a bomb. Ashley, however, remained concerned for our customers' safety even after the police left. He continued to explore every nook and cranny and eventually discovered a suspicious object. He evacuated the property and called the bomb squad. Although the device ultimately proved to be harmless, Ashley's courage and perseverance were acknowledged by the Rio Rancho Police Department.

It's a privilege to recognize Ashley Bungert as Giant's 1996 Chairman's Award winner.

WE

AT GIANT INDUSTRIES, INC.

ARE COMMITTED TO SIX CORE VALUES:

UNMATCHED EXCELLENCE IN CUSTOMER SERVICE,

RESPONSIVE AND SUPPORTIVE LEADERSHIP,

FLEXIBLE, INNOVATIVE AND DEDICATED EMPLOYEES,

HONEST AND ETHICAL BEHAVIOR,

WISE AND PRODUCTIVE USE OF ALL RESOURCES,

SAFETY IN ALL WE DO.

Directors And Officers

BOARD OF DIRECTORS

JAMES E. ACRIDGE (N*)
Chairman, President and
Chief Executive Officer
Giant Industries, Inc.

ANTHONY J. BERNITSKY
President
Sandia Oil Company

F. MICHAEL GEDDES (A)
Chairman and President
Geddes and Company

FREDRIC L. HOLLIGER
Executive Vice President and
Chief Operating Officer
Giant Industries, Inc.

HARRY S. HOWARD (A*, C)
Retired President and
Chief Operating Officer,
American Can Company

RICHARD T. KALEN, JR. (A, C*, N)
President
Kalen & Associates

COMMITTEES OF THE BOARD OF DIRECTORS

(A) Audit Committee
(C) Compensation Committee
(N) Nominating Committee
(*) Chairman of Committee

EXECUTIVE OFFICERS

JAMES E. ACRIDGE
Chairman, President and
Chief Executive Officer

A. WAYNE DAVENPORT
Vice President and
Chief Financial Officer

MORGAN GUST
Vice President and General Counsel,
Secretary, and
Vice President Administration

FREDRIC L. HOLLIGER
Executive Vice President and
Chief Operating Officer

DIVISION/SUBSIDIARY PERSONNEL

CRAIG G. COLLEY
Vice President
Marketing
Giant Industries Arizona, Inc.

MARK B. COX
Treasurer
Giant Industries, Inc.

MICHAEL S. HARDY
Vice President
Transportation
Giant Industries Arizona, Inc.

DANIEL R. HORTON
Division Manager
Retail Division
Giant Industries Arizona, Inc.

CARL D. SHOOK
Vice President
Corporate Planning and Evaluation
Giant Industries Arizona, Inc.

MONTE N. SWETNAM
Vice President
Refining Operations
Giant Industries Arizona, Inc.

LUKE K. WETHERS
Vice President
Supply
Giant Industries Arizona, Inc.

GUY W. YATES
Vice President
Corporate Planning and Development
Giant Industries Arizona, Inc.

RESULTS OF OPERATIONS

COMPARISON OF THE YEARS ENDED DECEMBER 31, 1996 AND DECEMBER 31, 1995

The primary factors affecting the results of the Company's 1996 continuing operations as compared to its 1995 continuing operations are the acquisition of the Bloomfield refinery in the beginning of the fourth quarter of 1995, an increase in 1996 refinery margins and the temporary suspension of operations at the Company's ethanol production plant during 1996.

In early 1996, the Company approved a plan of disposition for its oil and gas assets. In August 1996, the Company completed the sale of substantially all of these assets. The operations connected with these assets are classified as discontinued operations in the Company's consolidated financial statements for all years presented.

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

Earnings from continuing operations before income taxes were $28.2 million for the year ended December 31, 1996, an increase of approximately $16.8 million from $11.4 million for the year ended December 31, 1995. The increase is primarily the result of the acquisition of the Bloomfield refinery and increases in average refinery margins of approximately 21%. These increases were partially offset by increases in operating and administrative costs.

REVENUES

Revenues for the year ended December 31, 1996, increased $166.3 million or 50% to $499.2 million from $332.9 million in the comparable 1995 period. Finished product sales of $130.3 million from the Bloomfield refinery accounts for approximately 78% of the increase. In addition, a 19% increase in Ciniza refinery weighted average selling prices and a 10% increase in service station merchandise sales contributed to increased revenues. Offsetting these increases was a decline in third party sales from the Company's ethanol plant due to a temporary suspension of operations during 1996.

The increase in service station merchandise sales is the result of a 9% increase in same store volumes and a net increase in sales during the year from fourteen units that have been acquired or constructed in the last twenty-four months over thirteen units that have been disposed of during the same period.

The volumes of refined products sold through retail units decreased approximately 1% from 1995 levels due to a 15% decline in volumes sold from the Company's travel center, offset in part by a 2% increase in service station volumes. It is believed that travel center volumes have declined because of increased local competition due to the construction of several new truck stops in the Company's market area in the past several years. Service station volumes have increased due to a net increase in sales volumes during the year from the fourteen units that have been acquired or constructed in the last twenty-four months over the thirteen units that have been disposed of during the same period. This increase was offset by a slight decline in same store volumes resulting from increased competition. Average monthly sales volumes during the last two years for the fourteen units acquired or constructed is approximately 151,000 gallons per month compared to 104,000 gallons per month for the thirteen units that have been disposed of.

COST OF PRODUCTS SOLD

For the year ended December 31, 1996, cost of products sold increased $127.6 million or 54% to $361.9 million from $234.3 million in the corresponding 1995 period. Cost of products sold of $101.0 million relating to the Bloomfield refinery accounts for approximately 79% of the increase. Also contributing to increased costs was an 18% increase in average crude oil costs and a 12% increase in the cost of merchandise sales from the service stations. These increases were partially offset by a decrease in costs relating to the temporary suspension of operations at the Company's ethanol plant and the liquidation of certain lower cost crude oil LIFO inventory layers which resulted in a reduction in cost of products sold of approximately $2.8 million in 1996 compared to a similar reduction of approximately $0.5 million in 1995.

OPERATING EXPENSES

For the year ended December 31, 1996, operating expenses increased $12.4 million or 24% to $64.3 million from $51.9 million in the year ended December 31, 1995.

Operating expenses increased due to the acquisition of the Bloomfield refinery (18%) and for other operations (12%). The 12% increase for other operations is due to increases in payroll and related costs (6%), higher fuel costs at the Ciniza refinery (1%) and for various other expense increases (5%). Partially offsetting these increases was a decrease of 6% due to the temporary suspension of operations at the ethanol plant. Payroll and other costs have increased due to annual wage increases and, in the retail operations, due to expanded programs such as twenty-four hour operations, fuel pump island attendant program, pay at the pump program, deli operations and store remodeling and expansion.

DEPRECIATION AND AMORTIZATION

For the year ended December 31, 1996, depreciation and amortization increased approximately $4.3 million or 32% to $17.6 million from $13.3 million in the same 1995 period. The increase is primarily the result of the acquisition of the Bloomfield refinery, along with the addition of service station and transportation assets.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended December 31, 1996, selling, general and administrative expenses increased approximately $2.8 million or 22% to $15.6 million from $12.8 million in the corresponding 1995

period. The increase is primarily the result of expense accruals for incentive bonus plans (14%), increases in payroll and related costs (5%), expense accruals for estimated severance tax assessments(2%) and increases in various other general expense categories (10%). These increases were partially offset by 1996 expense reductions for decreases in estimated liabilities for self insured workman's compensation and property and casualty claims and other items(9%).

INTEREST EXPENSE (INCOME)

For the year ended December 31, 1996, interest expense increased approximately $0.8 million or 7% to $12.3 million from $11.5 million in the same 1995 period. The increase is primarily related to the addition of certain variable rate long-term debt incurred to finance the acquisition of the Bloomfield refinery, offset in part by a reduction in other long-term debt.

For the year ended December 31, 1996, interest and investment income decreased approximately $1.4 million or 66% to $0.8 million from $2.2 million in 1995. The decrease is primarily due to a decrease in excess funds available for investment related to the acquisition of the Bloomfield refinery in October 1995 and, in 1996, to the use of operating cash flows and the proceeds from the sale of the Company's oil and gas assets for the payment of long-term debt and capital expenditures.

INCOME TAXES

Income taxes for the years ended December 31, 1996 and 1995 were computed in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, resulting in effective tax rates of approximately 39% and 32%, respectively. The difference in the two rates is primarily due to alcohol fuel tax credits generated from the operation of the Company's ethanol plant, which temporarily suspended operations in October 1995, as well as coal seam gas tax credits in 1995.

DISCONTINUED OPERATIONS

On August 30, 1996, the Company completed the sale of substantially all of its oil and gas assets for $25.5 million. The transaction was structured so that the Company retained only the oil and gas properties that will generate future coal seam gas tax credits under Section 29 of the Internal Revenue Code. The reserves related to these properties will be produced by the buyer and tax credits will be realized by the Company. The net asset value assigned to these properties is approximately $4.3 million and is included in other assets and liabilities in the accompanying Consolidated Balance Sheet. The Company also retained an office building and some equipment. Future coal seam gas tax credits, when earned, will be used to offset income taxes payable.

Loss on the disposal of the oil and gas segment for 1996 is a loss on the sale of the oil and gas properties of approximately $18,000, including a provision for income taxes of $53,000, offset by earnings from operations of approximately $5,000, including income tax benefits of $861,000. For 1995 and 1994, earnings (loss) from operations were $143,000, net of income taxes of $154,000, and $(2,934,000), net of income tax benefit of $1,351,000, respectively. A pre-tax charge for a reduction of the carrying value of crude oil and natural gas properties of $3,395,000 was recorded in 1994.

OUTLOOK

The Company intends to focus its efforts in 1997 on increasing and developing its retail operations through construction and acquisition, while continuing to seek additional opportunities to expand refining capacity through acquisition and selected refinery projects. The Company's future results of operations are primarily dependent on producing and selling sufficient quantities of refined products at margins sufficient to cover fixed and variable expenses.

COMPARISON OF THE YEARS ENDED DECEMBER 31, 1995 AND DECEMBER 31, 1994

The primary factors affecting the results of the Company's 1995 continuing operations as compared to its 1994 continuing operations were the acquisition of the Bloomfield refinery in the beginning of the fourth quarter of 1995, a decline in refinery margins, an increase in refinery sourced sales volumes from the Ciniza refinery and the temporary suspension of operations at the Company's ethanol production plant in October 1995.

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

Earnings from continuing operations before income taxes were $11.4 million for the year ended December 31, 1995, an increase of $1.3 million from $10.1 million for the year ended December 31, 1994. The increase is primarily the result of the acquisition of the Bloomfield refinery, a 5% increase in Ciniza refinery finished product sales volumes and a 16% increase in service station merchandise sales. These increases were partially offset by a 10% decrease in Ciniza refinery average margins and a decrease in third party sales volumes from the ethanol plant.

REVENUES

Revenues for the year ended December 31, 1995, increased $41.3 million or 14% to $332.9 million from $291.6 million in the comparable 1994 period. Finished product sales of $29.5 million from the Bloomfield refinery accounts for approximately 71% of the increase. In addition, a 5% increase in Ciniza refinery finished product sales volumes, a 4% increase in Ciniza refinery weighted average selling prices and a 16% increase in service station merchandise sales contributed to increased revenues. Offsetting these increases were a decline in third party sales from the ethanol plant and an overall decline in other revenues from retail operations.

The increase in Ciniza refinery finished product sales volumes in 1995 was partially the result of a scheduled major maintenance turnaround started in March and completed in April 1994 and an accident at the refinery in July 1994 which reduced production for a period of approximately sixty days. The increase in service station merchandise sales is the result of increased same store sales and the addition of six units. The overall decline in other revenues from retail operations is primarily related to the sale of the Giant Express travel center in November 1994.

The volumes of refined products sold through retail outlets decreased approximately 7% from 1994 levels due to a 29% decrease in volumes sold from the travel centers, primarily related to the sale of the Giant Express, and a slight increase in service station volumes resulting in part from the addition of six new units, offset by reduced volumes at some units due to increased competition and the sale or remodeling of several units.

COST OF PRODUCTS SOLD

For the year ended December 31, 1995, cost of products sold increased $38.8 million or 20% to $234.3 million from $195.5 million for the corresponding 1994 period. Cost of products sold of $22.4

million relating to the Bloomfield refinery accounts for approximately 58% of the increase. Also contributing to increased costs was an 8% increase in average crude oil costs and a 5% increase in the volume of finished products sold from the Ciniza refinery, along with a 15% increase in the cost of merchandise sales from the service stations. The increase is partially offset by a decrease in costs relating to the temporary suspension of operations at the ethanol plant and a decrease in merchandise sales from the travel centers.

OPERATING EXPENSES

For the year ended December 31, 1995, operating expenses increased approximately $0.1 million to $51.9 million from $51.8 million in the corresponding 1994 period.

Operating expenses increased approximately 5% due to the acquisition of the Bloomfield refinery and 5% due to payroll and related costs for other continuing operations. Partially offsetting these increases were declines of approximately 4% due to the sale of the Giant Express, 2% due to the temporary suspension of operations at the ethanol plant, 1% due to lower purchased fuel costs for the Ciniza refinery and 3% due to various other expense decreases.

DEPRECIATION AND AMORTIZATION

For the year ended December 31, 1995, depreciation and amortization increased $1.1 million or 9% to $13.3 million from $12.2 million in the corresponding 1994 period. The increase is primarily related to the acquisition of the Bloomfield refinery and the separate purchase of crude oil gathering operations in September 1995.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended December 31, 1995, selling, general and administrative expenses increased approximately $0.9 million or 7% to $12.8 million from $11.9 million in the corresponding 1994 period. The increase is primarily the result of a reduction in 1994 first quarter expenses from the recording of a $1.0 million insurance settlement relating to environmental costs incurred in prior years and higher payroll costs in the 1995 period. Offsetting these items was a reduction in expenses from no management incentive bonus being accrued in the 1995 period and reductions in 1995 expenses for a decrease in the estimated liability for self insured workmen's compensation claims and an adjustment in the estimated allowance for doubtful accounts.

INTEREST EXPENSE (INCOME)

For the year ended December 31, 1995, interest expense decreased approximately $0.3 million or 3% to $11.5 million from $11.8 million in the same 1994 period. The decrease is primarily related to the reduction of certain fixed rate long-term debt and the capitalization of interest in the 1995 period, offset in part by the addition of certain variable rate long-term debt incurred in part to finance the acquisition of the Bloomfield refinery.

For the year ended December 31, 1995, interest and investment income increased approximately $0.5 million or 29% to $2.2 million from $1.7 million. The increase is primarily due to interest received on the refund of income taxes paid in prior periods and higher interest rates. These increases were partially offset by a decrease due to a decline in the amount of excess funds available for investment.

INCOME TAXES

Income taxes for the years ended December 31, 1995 and 1994 were computed in accordance with SFAS No. 109, resulting in effective tax rates of approximately 32% and 26%, respectively. The difference in rates is due in part to the amounts of alcohol fuel tax credits generated in 1994 compared to 1995, relating to the temporary suspension of operations at the Company's ethanol plant, as well as coal seam gas tax credits generated in each year, as they relate to varying amounts of annual income.

DISCONTINUED OPERATIONS

For the years ended December 31, 1995 and 1994, the Company's oil and gas operations ("Giant E&P") recorded net earnings of $0.1 million and a net loss of $2.9 million, respectively. The improvement is primarily due to a writedown in the carrying value of crude oil and natural gas properties in the third quarter of 1994, and in 1995, to increases in crude oil and natural gas production, along with an increase in crude oil selling prices, offset in part by a decline in natural gas selling prices.

Revenues, including intercompany revenues of $5.3 million in 1995 and $4.1 million in 1994, totaled $8.4 million for the year ended December 31, 1995, an increase of $2.4 million or 40% from the $6.0 million reported for the comparable 1994 period. This increase is due to a 51% increase in crude oil production, an 8% increase in average crude oil selling prices and a 15% increase in natural gas production. These increases were offset in part by a 24% decline in average natural gas selling prices.

The increase in crude oil production is primarily the result of the acquisition of various crude oil producing reserves during 1995. The increase in natural gas production is due to a favorable 1994 year end adjustment of coal seam gas reserves sold in 1992, determined pursuant to an annual redetermination clause contained in the 1992 purchase and sale agreement, which resulted in the addition of approximately 1,018 million cubic feet of natural gas reserves.

For the year ended December 31, 1995, operating costs and expenses increased $1.2 million or 18% to $8.1 million from $6.9 million in the comparable 1994 period primarily due to increases in production.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW FROM OPERATIONS

Net cash provided by operating activities of continuing operations totaled $42.8 million for the year ended December 31, 1996, compared to $24.5 million for the comparable 1995 period. Operating cash flows increased primarily as the result of the acquisition of the Bloomfield refinery.

WORKING CAPITAL

Working capital at December 31, 1996, consisted of current assets of $86.5 million and current liabilities of $65.0 million, or a current ratio of 1.33:1. At December 31, 1995, the current ratio was 1.86:1, with current assets of $108.9 million and current liabilities of $58.5 million. The Company's current ratio has declined primarily as the result of using cash generated from operations and the sale of the Company's oil and gas assets for the payment of long-term debt and capital expenditures.

Current assets have decreased since December 31, 1995, primarily due to decreases in the net assets of discontinued operations and inventories, offset in part by increases in cash and cash equivalents and accounts receivable. The net assets of discontinued operations have decreased because of the sale or reclassification of the net assets of the Company's oil and gas operations. Inventories

have decreased primarily as the result of processing crude oil inventories. Cash and cash equivalents have increased in part from a net increase in operating cash flows, proceeds from the sale of the Company's oil and gas assets and borrowings on the Company's working capital line, offset by payments on long-term debt and for the acquisition of property, plant and equipment. Accounts receivable have increased due to increases in trade receivables, resulting from higher sales volumes and prices, and excise tax refunds due on product transfers to the Company's Albuquerque Terminal. Current liabilities have increased due to an increase in accounts payable and accrued expenses. Accounts payable have increased primarily due to increases in the volume and cost of raw materials. Accrued expenses have increased primarily as the result of a contingent payment related to the acquisition of the Bloomfield refinery and an increase in accruals for incentive bonus and 401(k) plans.

CAPITAL EXPENDITURES AND RESOURCES

Net cash used in investing activities for the purchase of property, plant and equipment and other assets totaled approximately $27.5 million for the year 1996, including the acquisition of seven retail units; the construction of two and the reconstruction or remodeling of twenty-eight retail units; the acquisition of finished product and crude truck transports; and upgrades and turnaround expenditures at the refineries.

In addition, the Company accrued approximately $2.3 million for estimated preacquisition environmental liabilities assumed in the purchase of the Bloomfield refinery. The Company also accrued a contingent payment related to this acquisition of approximately $6.9 million. Both of these amounts have been added to property, plant and equipment and allocated to the assets acquired.

For 1996, the Company received proceeds of approximately $4.4 million from the sale of eight operating service stations. A gain of approximately $0.1 million resulted from these sales.

As described above, the Company completed the sale of substantially all of its oil and gas assets in 1996 for $25.5 million.

In October 1995, the Company temporarily closed its ethanol processing plant in Portales, New Mexico due to high grain prices. Based on current raw material and product prices, the Company currently plans to reopen the plant in 1997.

The Company has budgeted approximately $81.4 million for capital expenditures in 1997. Of this amount, approximately $10.7 million is budgeted for non-discretionary projects that are required by law or regulation or to maintain the physical integrity of existing assets. These expenditures are primarily for operational and environmental projects at the refineries, including a major maintenance turnaround at the Bloomfield refinery scheduled for the second quarter of 1997. The remaining budget of $70.7 million is for discretionary projects to sustain or enhance the current level of operations, increase earnings on existing or new business and to expand operations. The primary projects in this later category include retail site acquisitions and the acquisition or construction of twenty-six retail units, capacity enhancement projects at the refineries and transportation facility and equipment upgrades. In addition to these budgeted amounts, the Company could incur an additional contingent payment related to the acquisition of the Bloomfield refinery, in accordance with the Bloomfield refinery acquisition agreement, if certain criteria are met.

The amount of these capital projects that are actually undertaken in 1997 will depend on, among other things, identifying acceptable acquisitions, general business conditions and results of operations. The capital projects undertaken are expected to be funded from operating cash flows, future borrowings and lease financings. The Company is also actively pursuing the possible sale or exchange of non-strategic or underperforming assets. Future liquidity, both short and long-term, will continue to be primarily dependent on producing and selling sufficient quantities of refined products at margins sufficient to cover fixed and variable expenses.

Changes in the tax laws, changes in federal and state clean air and clean fuel requirements and other changes in environmental laws and regulations may increase future capital expenditure levels. In addition, the Company continues to investigate strategic acquisitions as well as additional capital improvements to its existing facilities.

Much of the capital currently planned to be spent by the Company for environmental compliance is integrally related to operations or to operationally required projects. The Company does not specifically identify capital expenditures related to such projects on the basis of whether they are for environmental as opposed to economic purposes. However, with respect to capital expenditures budgeted primarily to satisfy environmental regulations, it is estimated that approximately $0.7 million, $0.5 million and $0.6 million was spent in 1996, 1995 and 1994, respectively, and $2.2 million is expected to be spent in 1997. With respect to the Company's operating expenses for environmental compliance, while records are not kept specifically identifying or allocating such expenditures, management believes that the Company incurs significant operating expense for such purposes.

CAPITAL STRUCTURE

At December 31, 1996 and 1995, the Company's long-term debt was 48.1% and 56.5% of total capital, respectively. The decrease is primarily due to the repayment of long-term debt and an increase in stockholders' equity due to net earnings. At December 31, 1996 and 1995, the Company's net debt (long-term debt less cash and cash equivalents) to total capitalization percentages were 45.1% and 54.8%, respectively.

The Company's capital structure includes $100 million of 9 3/4% senior subordinated notes due in 2003 ("Notes"). Repayment of the Notes is jointly and severally guaranteed on an unconditional basis by the Company's direct and indirect wholly-owned subsidiaries, subject to a limitation designed to ensure that such guarantees do not constitute a fraudulent conveyance. Except as otherwise allowed in the Indenture pursuant to which the Notes were issued, there are no restrictions on the ability of such subsidiaries to transfer funds to the Company in the form of cash dividends, loans or advances. General provisions of applicable state law, however, may limit the ability of any subsidiary to pay dividends or make distributions to the Company in certain circumstances.

In October 1995, the Company entered into a Credit Agreement with a group of banks under which $30.0 million was borrowed pursuant to a three-year unsecured revolving term facility to provide financing for the purchase of the Bloomfield refinery. This revolving term facility has been repaid from cash on hand and proceeds from the sale of the Company's oil and gas assets. The $30.0 million that was repaid is currently available for reborrowing under this facility for the acquisition of property, plant and equipment. This facility has a floating interest rate that is tied to various short-term indices. At December 31, 1996, this rate was approximately 6.5% per annum.

In addition, the Credit Agreement contains a three-year unsecured working capital facility to provide working capital and letters of credit in the ordinary course of business. The availability under this working capital facility is the lesser of (i) $40.0 million, or (ii) the amount determined under a borrowing base calculation tied to eligible accounts receivable and inventories as defined in the Credit Agreement. At December 31, 1996, the lesser amount was $40.0 million. This facility has a floating interest rate that is tied to various short-term indices. At December 31, 1996, this rate was approximately 6.5% per annum. Direct borrowings under this arrangement were $10.0 million at December 31, 1996, and there were $16.0 million of irrevocable letters of credit outstanding, primarily to secure purchases of raw materials. Borrowings under this facility are generally higher at month end due to payments for raw materials and various taxes. The direct borrowings were repaid in early January 1997.

The Credit Agreement contains certain covenants and restrictions which require the Company to, among other things, maintain a minimum consolidated net worth; minimum fixed charge coverage ratio; minimum funded debt to total capitalization percentage; and places limits on investments, prepayment of senior subordinated debt, guarantees, liens and restricted payments. The Credit Agreement is guaranteed by substantially all of the Company's direct and indirect wholly-owned subsidiaries. The Company is required to pay a quarterly commitment fee based on the unused amount of each facility.

In 1996, the Company prepaid its 10.91% senior unsecured note due to an insurance company from operating cash flows and the proceeds from the sale of the Company's oil and gas assets.

The Company's Board of Directors has authorized the repurchase of a total of 1.5 million shares of the Company's common stock or approximately 12% of all shares issued as of the inception of the repurchase program. These purchases may be made from time to time as conditions permit. Shares may be repurchased through privately-negotiated transactions, block share purchases and open market transactions. In 1996, the Company repurchased 0.2 million shares of its common stock under this program for approximately $2.8 million. From the inception of the repurchase program, the Company has repurchased 1.1 million shares at a weighted average cost of approximately $9.60 per share, including commissions, for a total cost of approximately $10.8 million. These shares are treated as treasury shares.

Any repurchased shares are available for a variety of corporate purposes. The number of shares actually repurchased will be dependent upon market conditions and there is no guarantee as to the exact number of shares to be repurchased by the Company. The Company may suspend or discontinue the program at any time without notice.

On December 12, 1996, the Company's Board of Directors declared a cash dividend on common stock of $0.05 per share payable to stockholders of record on January 24, 1996. This dividend was paid on February 6, 1997. For the year 1996, the Board of Directors declared cash dividends on common stock totaling $0.20 per share. Future dividends, if any, are subject to the results of the Company's operations, existing debt covenants and declaration by the Company's Board of Directors.

OTHER

Federal, state and local laws and regulations relating to health and the environment affect nearly all of the operations of the Company. As is the case with all companies engaged in similar industries, the Company faces significant exposure from actual or potential claims and lawsuits involving environmental matters. These matters include soil and water contamination, air pollution and personal injuries or property damage allegedly caused by substances manufactured, handled, used, released or disposed of by the Company. Future expenditures related to health and environmental matters cannot be reasonably quantified in many circumstances for various reasons, including the speculative nature of remediation and cleanup cost estimates and methods, imprecise and conflicting data regarding the hazardous nature of various types of substances, the number of other potentially responsible parties involved, various defenses which may be available to the Company and changing environmental laws and interpretations of environmental laws.

Rules and regulations implementing federal, state and local laws relating to health and the environment will continue to affect the operations of the Company. The Company cannot predict what health or environmental legislation or regulations will be enacted or become effective in the future or how existing or future laws or regulations will be administered or enforced with respect to products or activities of the Company. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies, could have an adverse effect on the financial position and the results of operations of the Company and could require substantial expenditures by the Company for the installation and operation of refinery equipment, pollution control systems and other equipment not currently possessed by the Company.

In May 1991, the Environmental Protection Agency notified the Company that it may be a potentially responsible party for the release, or threatened release, of hazardous substances, pollutants or contaminants at the Lee Acres Landfill, adjacent to the Company's Farmington refinery. This refinery was operated until 1982. Although a final plan of action for the Landfill has not yet been adopted by the Bureau of Land Management ("BLM"), the BLM has developed a proposed plan of action which it projects will cost approximately $3.9 million to implement. This cost projection is based on certain assumptions which may or may not prove to be correct and is contingent on confirmation that the remedial actions, once implemented, are adequately addressing Landfill contamination. For example, if assumptions regarding groundwater mobility and contamination levels are incorrect, BLM is proposing to take additional remedial actions with an estimated cost of approximately $1.8 million. Based on current information, the Company does not believe it needs to record a liability in relation to the BLM's proposed plan. In 1989, a consultant to the Company estimated, based on various assumptions, that the Company's share of potential liability could be approximately $1.2 million. This figure was based upon estimated Landfill remediation costs significantly higher than those being proposed by BLM. The figure was also based on the consultant's evaluation of such factors as available clean-up technology, BLM's involvement at the site and the number of other entities that may have had involvement at the site. The consultant, however, did not conduct an analysis of the Company's potential legal defenses and arguments including possible setoff rights. Potentially responsible party liability is joint and several, such that a responsible party may be liable for all of the clean-up costs at a site

even though the party was responsible for only a small part of such costs. Actual liability, if any, may differ significantly from the consultant's estimate. In addition, the Company is remediating a hydrocarbon plume that appears to extend no more than 1,800 feet south of its inactive Farmington refinery.

The Company has established an environmental liability accrual of approximately $3.0 million. Approximately $1.0 million relates to ongoing environmental projects, including the remediation of the hydrocarbon plume described above and hydrocarbon contamination on and adjacent to 5.5 acres the Company owns in Bloomfield, New Mexico. The remaining $2.0 million relates to an original estimate of approximately $2.3 million, recorded in the second quarter of 1996, for certain environmental obligations assumed in the acquisition of the Bloomfield refinery. That amount was recorded as an adjustment to the purchase price and allocated to the assets acquired. The environmental accrual is recorded in the current and long-term sections of the Company's Consolidated Balance Sheet.

The Company is subject to audit on an ongoing basis of the various taxes that it pays to federal, state, local and tribal agencies. These audits may result in assessments or refunds along with interest and penalties. In some cases the jurisdictional basis of the taxing authority is in dispute and is the subject of litigation or administrative appeals. The Company has received several tax notifications and assessments from the Navajo Tribe relating to crude oil and natural gas removed from properties located outside the boundaries of the Navajo Indian Reservation in an area of disputed jurisdiction, including a $1.8 million severance tax assessment issued to Giant Arizona in November 1991. The Company has invoked its appeal rights with the Tribe's Tax Commission in connection with this assessment and intends to oppose the assessment. It is the Company's position that it is in substantial compliance with laws applicable to the disputed area and, therefore, has accrued a liability in regards thereto for substantially less than the amount of the original assessment. It is possible that the Company's assessments will have to be litigated by the Company before final resolution. In addition, the Company may receive further tax assessments.

The Company believes that local crude oil production currently approximates 98% of aggregate local crude oil demand. Secondary recovery projects implemented in 1996 in some units in the gathering area have increased local production. The Company is currently able to supplement local crude oil supplies with Alaska North Slope crude oil ("ANS") through its gathering systems interconnection with the Four Corners and Texas-New Mexico common carrier pipeline systems. Based on projections of local crude oil availability from the field and current levels of usage of ANS, the Company believes an adequate crude oil supply will be available, without the use of significant additional supplemental supply alternatives, to sustain refinery operations at planned levels, at least through 1997.

The Company continues to evaluate other supplemental crude oil supply alternatives for its refineries on both a short-term and long-term basis. Among other alternatives, the Company has considered making additional equipment modifications to increase its ability to use alternative crude oils and natural gas liquids and could install additional rail facilities to enable the Company to provide incremental crude oil and other intermediate feedstocks to supplement local supply sources in the most cost effective manner. The Company understands that production of ANS is declining and is aware of proposals that would, at some time in the future, eliminate the shipping of ANS through the Four Corners pipeline system. In such event, the Company has identified potential opportunities for accessing other supplemental crude oil supplies via this pipeline. In addition, the Four Corners area produces significant amounts of natural gas liquids, most of which are currently shipped out of the area by pipeline. The Company will undertake several projects at its refineries in 1997 to increase its ability to utilize natural gas liquids, which historically are a lower cost feedstock than crude oil, in the production of gasoline. These 1997 projects should increase the amount of natural gasoline used by the Company's refineries by approximately 2,500 barrels per day and will result in the production of an equivalent number of barrels per day of additional gasoline.

If additional supplemental crude oil becomes necessary, the Company intends to implement then available alternatives as necessary and as is most advantageous under the then prevailing conditions. The Company currently believes that the most desirable strategy to supplement local crude oil supplies, on a long-term basis, would be the delivery of supplemental crude oil from outside of the Four Corners area by pipeline. Such crude oil may be of lesser quality than locally available crude oils, and the Company believes such crude oil will generally have a delivered cost greater than that of locally available crude oil. Implementation of supplemental supply alternatives may result in additional raw material costs, operating costs, capital costs, or a combination thereof in amounts which are not presently ascertainable by the Company but which will vary depending on factors such as the specific alternative implemented, the quantity of supplemental feedstocks required, and the date of implementation. Implementation of some supply alternatives requires the consent or cooperation of third parties and other considerations beyond the control of the Company.

The Company is aware of a number of proposals or industry discussions regarding product pipeline projects that if or when undertaken and completed could impact portions of its marketing areas, either directly or indirectly. One of these projects, the expansion of the Emerald line into Albuquerque, is being implemented and is currently scheduled for completion in 1997. Another of these proposed projects would result in a refined products pipeline from southeastern New Mexico to the Albuquerque and Farmington markets. The various proposed projects involve new construction of connecting pipelines and in some cases the reversal of existing crude oil or natural gas liquids pipelines. The completion of some or all of these projects would result in increased competition by increasing the amount of refined products available, either directly or indirectly, in the Albuquerque and Farmington market areas.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This report contains forward-looking statements that involve risks and uncertainties, including but not limited to economic, competitive and governmental factors affecting the Company's operations, markets, products, services and prices; the adequacy of raw material supplies; the ability of the Company to successfully abate various tax assessments; the potential effects of various pipeline projects as they relate to the Company's market areas and future profitability and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission.

GIANT INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31,	1996	1995
		IN THOUSANDS
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,628	$ 9,549
Receivables:		
Trade, less allowance for doubtful accounts of $254,000 and $424,000	25,014	22,264
Income tax refunds	1,355	380
Other	4,395	1,381
	30,764	24,025
Inventories	38,226	42,581
Prepaid expenses and other	3,252	3,880
Net assets of discontinued operations		26,689
Deferred income taxes	1,636	2,145
Total current assets	86,506	108,869
Property, plant and equipment	322,260	292,919
Less accumulated depreciation and amortization	(108,715)	(94,357)
	213,545	198,562
Other assets	23,956	17,431
	$ 324,007	$ 324,862
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 1,439	$ 4,063
Accounts payable	35,754	34,162
Accrued expenses	27,772	20,316
Total current liabilities	64,965	58,541
Long-term debt, net of current portion	113,081	142,676
Deferred income taxes	19,042	12,864
Other liabilities	4,795	1,049
Stockholders' equity:		
Preferred stock, par value $.01 per share, 10,000,000 shares authorized, none issued		
Common stock, par value $.01 per share, 50,000,000 shares authorized, 12,221,367 and 12,188,629 shares issued	122	122
Additional paid-in capital	72,617	72,389
Retained earnings	60,170	45,373
Unearned compensation related to restricted stock		(151)
	132,909	117,733
Less common stock in treasury-at cost, 1,123,500 and 939,500 shares	(10,785)	(8,001)
	122,124	109,732
	$ 324,007	$ 324,862

The accompanying notes are an integral part of these consolidated financial statements.

GIANT INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

	IN THOUSANDS EXCEPT SHARES AND PER SHARE DATA		
Year Ended December 31,	**1996**	1995	1994
Net revenues	**$ 499,184**	$ 332,888	$ 291,623
Cost of products sold	**361,864**	234,271	195,489
Gross margin	**137,320**	98,617	96,134
Operating expenses	**64,315**	51,856	51,823
Depreciation and amortization	**17,673**	13,345	12,246
Selling, general and administrative expenses	**15,602**	12,778	11,930
Operating income	**39,730**	20,638	20,135
Interest expense	**(12,318)**	(11,506)	(11,805)
Interest and investment income	**771**	2,239	1,733
Earnings from continuing operations before income taxes	**28,183**	11,371	10,063
Provision for income taxes	**11,132**	3,638	2,608
Earnings from continuing operations	**17,051**	7,733	7,455
Discontinued operations:			
Earnings (loss) from oil and gas operations (net of taxes)		143	(2,934)
Loss on disposal of oil and gas operations (net of taxes)	**(13)**		
Net earnings	**$ 17,038**	$ 7,876	$ 4,521
Earnings (loss) per common share:			
Continuing operations	**$ 1.52**	$ 0.68	$ 0.61
Discontinued operations		0.01	(0.24)
Net earnings	**$ 1.52**	$ 0.69	$ 0.37
Weighted average number of shares outstanding	**11,220,380**	11,478,779	12,127,481

The accompanying notes are an integral part of these consolidated financial statements.

GIANT INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

IN THOUSANDS EXCEPT NUMBER OF SHARES

	Common stock		Additional		Unearned	Unearned	Unrealized	Treasury stock		Total
	Shares issued	Par value	paid-in capital	Retained earnings	employee benefits related to ESOP	compen-sation related to restricted stock	loss on securities available-for-sale	Shares	Cost	stock-holders' equity
BALANCES, JANUARY 1, 1994	12,192,770	$ 122	$ 72,417	$ 35,852	$ (1,347)	$ (1,130)				$105,914
Purchase of treasury stock								202,300	$ (1,652)	(1,652)
Stock options exercised	500		3							3
Benefits allocated to employees by ESOP					833					833
Compensation related to restricted stock awards						469				469
Restricted stock award shares forfeited	(5,641)		(47)			47				
Unrealized loss on securities available-for-sale							$ (398)			(398)
Net earnings				4,521						4,521
BALANCES, DECEMBER 31, 1994	12,187,629	122	72,373	40,373	(514)	(614)	(398)	202,300	(1,652)	109,690
Purchase of treasury stock								737,200	(6,349)	(6,349)
Stock options exercised	1,000		8							8
Benefits allocated to employees by ESOP					514					514
Compensation related to restricted stock awards			8			463				471
Dividends declared				(2,876)						(2,876)
Change in unrealized loss on securities available-for-sale							398			398
Net earnings				7,876						7,876
BALANCES, DECEMBER 31, 1995	12,188,629	122	72,389	45,373		(151)		939,500	(8,001)	109,732
Purchase of treasury stock								184,000	(2,784)	(2,784)
Stock options exercised	32,750		216							216
Compensation related to restricted stock awards			12			151				163
Restricted stock award fractional shares redeemed/canceled	(12)									
Dividends declared				(2,241)						(2,241)
Net earnings				17,038						17,038
BALANCES, DECEMBER 31, 1996	**12,221,367**	**$ 122**	**$ 72,617**	**$ 60,170**	**$**	**$**	**$**	**1,123,500**	**$ (10,785)**	**$122,124**

The accompanying notes are an integral part of these consolidated financial statements.

GIANT INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

IN THOUSANDS

Year Ended December 31,	1996	1995	1994
Cash flows from operating activities:			
Net earnings	$ 17,038	$ 7,876	$ 4,521
Adjustments to reconcile net earnings to net cash provided by continuing operating activities:			
Loss (earnings) from discontinued operations	13	(143)	2,934
Depreciation and amortization	17,673	13,345	12,246
Deferred income taxes	6,514	1,632	(1,058)
Restricted stock award compensation	163	471	469
Gain on involuntary conversion of refinery assets			(533)
Increase (decrease) in other liabilities	470	(328)	1,019
Other	73	57	341
Changes in operating assets and liabilities:			
Increase in receivables	(6,718)	(2,513)	(7,200)
Decrease (increase) in inventories	4,355	(10,311)	(8,929)
Decrease (increase) in prepaid expenses and other	647	(1,563)	1,120
Increase in accounts payable	1,644	15,096	5,037
Increase (decrease) in accrued expenses	883	904	(2,121)
Net cash provided by continuing operating activities	42,755	24,523	7,846
Cash flows from investing activities:			
Refinery acquisition		(55,000)	
Purchases of property, plant and equipment and other assets	(27,468)	(22,978)	(17,165)
Proceeds from sale of property, plant and equipment and other assets	4,587	2,588	5,611
Insurance proceeds from involuntary conversion of refinery assets			438
Payments received on ESOP loan		514	833
Purchases of marketable securities			(101,562)
Proceeds from sales and maturities of marketable securities		35,991	100,849
Proceeds from sale of discontinued operations	24,106		
Net cash (used) provided by discontinued operations	(3,831)	(6,150)	639
Net cash used by investing activities	(2,606)	(45,035)	(10,357)
Cash flows from financing activities:			
Proceeds of long-term debt	10,000	41,000	
Payments of long-term debt	(42,218)	(14,458)	(3,025)
Purchase of treasury stock	(2,784)	(6,349)	(1,652)
Deferred financing costs		(698)	(100)
Payment of dividends	(2,284)	(2,302)	
Proceeds from exercise of stock options	216	8	3
Net cash (used) provided by financing activities	(37,070)	17,201	(4,774)
Net increase (decrease) in cash and cash equivalents	3,079	(3,311)	(7,285)
Cash and cash equivalents:			
Beginning of year	9,549	12,860	20,145
End of year	$ 12,628	$ 9,549	$ 12,860

Noncash Investing and Financing Activities. For the year ended December 31, 1996, the Company accrued $2,250,000 for estimated preacquisition environmental liabilities assumed in the purchase of the Bloomfield refinery and $6,910,000 was incurred as a contingent payment, also related to the acquisition of the Bloomfield refinery. Both of these amounts have been added to property, plant and equipment as an adjustment to the purchase price of the Bloomfield refinery. For the year ended December 31, 1995, two retail units with a net book value of $1,613,000 were exchanged for a finished products terminal and $1,198,000 was incurred as a contingent payment related to the acquisition of the Bloomfield refinery. For the year ended December 31, 1994, a portion of the acquisition price of nine retail units was seller financed for $2,917,000.

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1—DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION

Giant Industries, Inc. ("Giant" or the "Company") was organized to combine the refining and marketing business of Giant Industries Arizona, Inc. ("Giant Arizona") with the oil and gas business of Hixon Development Company ("Hixon") through a merger in December 1989 in which Giant Arizona and Hixon became wholly-owned subsidiaries of the Company. In conjunction with the merger, the Company completed its initial public offering. In 1990, Hixon was renamed Giant Exploration & Production Company ("Giant E&P").

In early 1996, the Company approved a plan for disposition of its oil and gas business. On August 30, 1996, the Company completed the sale of substantially all of its oil and gas assets. (See Note 3 for further discussion.)

DESCRIPTION OF BUSINESS

The Company operates primarily as an independent refiner and marketer of petroleum products. The Company has two operating refineries in New Mexico. The Ciniza refinery, with a crude oil throughput capacity of 20,800 barrels per day ("bpd") and a total capacity including natural gas liquids of 26,000 bpd, is located near Gallup, New Mexico. In October 1995, the Company acquired the Bloomfield refinery, with a crude oil throughput capacity of 18,000 bpd and a total capacity including natural gas liquids of 18,600 bpd, located in Bloomfield, New Mexico. (See Note 2 for further discussion.) The Company also owns an ethanol production plant which supplies ethanol for blending by the Company as well as for sale to third party customers. Due to high grain costs, this facility temporarily suspended operations in October 1995. Based on current raw material and product prices, the Company has reevaluated its options regarding this facility and currently plans to reopen the plant in 1997.

The Company's principal business is the refining of crude oil into petroleum products which are sold through branded retail outlets as well as through distributors, industrial/commercial accounts and major oil companies. The Company is the largest refiner and one of the largest marketers of petroleum products in the Four Corners area of the southwestern United States where New Mexico, Arizona, Colorado and Utah adjoin. As an adjunct to its retail outlets, the Company sells merchandise through its stores.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Giant and all its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NET REVENUES

Revenues are recognized from sales when product ownership is transferred to the customer. Excise and other similar taxes are excluded from net revenues.

STATEMENTS OF CASH FLOWS

All highly liquid instruments with an original maturity of three months or less are considered to be cash equivalents.

FUTURES AND OPTION CONTRACTS

The Company periodically enters into futures or option contracts to hedge its exposure to price fluctuations on crude oil and refined products. Gains and losses on hedge contracts are deferred and reported as a component of the related transaction. For the purposes of the Statement of Cash Flows, hedging transactions are considered to be operating activities.

INTEREST RATE SWAPS

In the past, interest rate management techniques such as swaps and caps were entered into in order to effectively manage and reduce net interest expense. Net settlements on swap transactions are reported as an adjustment to net interest expense over the life of the associated debt instruments. These debt instruments were repaid in 1996, and the remaining net settlement proceeds were recorded as an adjustment to interest expense.

MARKETABLE SECURITIES

All marketable securities were sold or matured in 1995. Marketable securities were stated at fair value which was generally estimated based on quoted market prices. Marketable securities were managed as part of the Company's short-term cash management program.

CONCENTRATION OF CREDIT RISK

Credit risk with respect to customer receivables is concentrated in a small geographic area in which the Company operates and relates to customers in the oil and gas industry. To minimize this risk, the Company performs ongoing credit evaluations of its customers' financial position and requires collateral, such as letters of credit, in certain circumstances.

INVENTORIES

Inventories are stated at the lower of cost or market. Costs for crude oil and refined products produced by the refineries are determined by the last-in, first-out ("LIFO") method. Costs for exchange and terminal refined products and shop supplies are determined by the first-in, first-out ("FIFO") method. Costs for merchandise inventories are determined by the retail inventory method.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost and are depreciated on the straight-line method over their respective estimated useful lives. The estimated useful lives for the various categories of property, plant and equipment are:

Buildings and improvements	7-30 years
Machinery and equipment	7-24 years
Pipelines	30 years
Furniture and fixtures	2-15 years
Vehicles	3-7 years

Routine maintenance, repairs and replacement costs are charged against earnings as incurred. Turnaround costs, which consist of complete shutdown and inspection of significant units of the refineries at intervals of two or more years for necessary repairs and replacements, are deferred and amortized over the period until the next expected shutdown which generally ranges from twenty-four to forty-eight months depending on the type of shutdown and the unit involved. Expenditures which materially increase values, expand capacities or extend useful lives are capitalized. Interest expense is capitalized as part of the cost of constructing major facilities and equipment.

TREASURY STOCK

The Company's Board of Directors has authorized the repurchase of up to 1,500,000 shares of the Company's common stock or approximately 12% of all shares issued as of the inception of the repurchase program. These purchases may be made from time to time as conditions permit. Shares may be repurchased through privately-negotiated transactions, block share purchases and open market transactions. Through the end of 1996, the Company had repurchased 1,123,500 shares at a cost of approximately $10,785,000. These shares are being treated as treasury shares.

ENVIRONMENTAL EXPENDITURES

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated.

INCOME TAXES

The provision for income taxes is based on earnings reported in the financial statements. Deferred income taxes are provided on temporary differences between the basis of assets and liabilities for financial reporting purposes and income tax purposes.

EARNINGS (LOSS) PER COMMON SHARE

Earnings (loss) per common share is computed on the weighted average number of shares of common stock outstanding during each period. The exercise of outstanding stock options would not result in a material dilution of earnings per share.

NEW ACCOUNTING PRONOUNCEMENTS

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The Company adopted this Statement in the first quarter of 1996 and based on an evaluation of its operations in accordance with the criteria specified in the Statement, determined that there was no material impact to the Company's financial position or results of operations.

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123 "Accounting for Stock Based Compensation." The Company determined that it will not change to the fair value method prescribed in the Statement and will continue to use Accounting Principles Board Opinion No. 25 for measurement and recognition of employee stock based compensation. SFAS No. 123 requires additional disclosures to be made in the financial statements.

In October 1996, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 96-1 "Environmental Remediation Liabilities." The Company has not completed the process of evaluating the impact that will result from adopting this SOP. However, management does not believe the adoption will have a significant impact on the Company's financial position or results of operations. SOP 96-1 is required to be adopted in the first quarter of 1997.

RECLASSIFICATIONS

Certain reclassifications have been made to the 1995 financial statements and notes to conform to the statement classifications used in 1996.

NOTE 2—ACQUISITION:

On October 4, 1995, the Company completed the purchase of the Bloomfield refinery along with related pipeline and transportation assets from Gary-Williams Energy Co. and its wholly-owned subsidiary, Bloomfield Refining Company ("BRC").

The purchase price was $55,000,000 plus approximately $7,500,000 for crude oil and refined products inventories associated with the refinery operations. The purchase agreement provides for potential contingent payments to be made to BRC over approximately six years from the acquisition date, not to exceed a present value of $25,000,000, should certain criteria be met. These contingent payments are considered to be additional purchase price and will be allocated to the assets acquired in the same proportions as the original purchase price was allocated, not to exceed the estimated current replacement cost, and amortized over the estimated remaining life of the assets. At December 31, 1996 and 1995, the Company had accrued $6,910,000 and $1,198,000, respectively, under this arrangement relating to 1996 and 1995 operations. In addition, the Company accrued $2,250,000 relating to certain environmental obligations assumed in the purchase. The above accruals have been recorded as additional purchase price and allocated to the assets acquired.

The following Statements of Earnings compare the consolidated results of Giant, including the results of the Bloomfield refinery, for the year ended December 31, 1996, with the pro forma combined condensed statement of earnings of the Company and BRC ("Pro Forma") for the year ended December 31, 1995. The pro forma statement assumes the transaction was consummated January 1, 1995, and includes the results of operations of the Company and BRC, along with adjustments which give effect to events that are directly attributable to the transaction and which are expected to have a continuing impact.

The unaudited pro forma combined condensed financial information does not purport to represent the results of operations that actually would have resulted had the purchase occurred on the date specified, nor should it be taken as indicative of the future results of operations.

STATEMENTS OF EARNINGS

IN THOUSANDS EXCEPT PER SHARE DATA

	Year Ended December 31,	
	Giant	Pro Forma
	1996	1995
		(Unaudited)
Net revenues	**$ 499,184**	$ 439,719
Cost of products sold	**361,864**	313,353
Gross margin	**137,320**	126,366
Operating expenses	**64,315**	61,504
Depreciation and amortization	**17,673**	15,408
Selling, general and administrative expenses	**15,602**	14,339
Operating income	**39,730**	35,115
Interest expense, net and other	**11,547**	12,229
Earnings from continuing operations before income taxes	**28,183**	22,886
Provision for income taxes	**11,132**	8,118
Earnings from continuing operations	**$ 17,051**	$ 14,768
Earnings from continuing operations per common share	**$ 1.52**	$ 1.29

NOTE 3-DISCONTINUED OPERATIONS:

In early 1996, the Company approved a plan of disposition for its oil and gas segment. The decision was based upon management's review of the prospects for this operation, which indicated that substantial new capital would be necessary to further develop this business and reach an acceptable level of profitability and integration.

The net assets of the oil and gas segment at December 31, 1995, were approximately $26,689,000, consisting primarily of oil and gas properties and related deferred taxes.

On August 30, 1996, the Company completed the sale of substantially all of its oil and gas assets for $25,500,000. The transaction was structured so that the Company retained only the oil and gas properties that will generate future coal seam gas tax credits under Section 29 of the Internal Revenue Code. The reserves related to these properties will be produced by the buyer and tax credits will be realized by the Company. The net asset value assigned to these properties is approximately $4,300,000 and is included in other assets and liabilities in the accompanying Consolidated Balance Sheet. The Company also retained an office building and some equipment. Future coal seam gas tax credits, when earned, will be used to offset income taxes payable.

Revenues for the oil and gas operations in 1996, up to the date of sale, were $6,891,000 and were $8,363,000 and $5,959,000 for the years 1995 and 1994, respectively. These revenues are not included in revenues as reported in the Consolidated Statements of Earnings.

Loss on the disposal of the oil and gas segment for 1996 is a loss on the sale of the oil and gas properties of approximately $18,000, including a provision for income taxes of $53,000, offset by earnings from operations of approximately $5,000, including income tax benefits of $861,000. For 1995 and 1994, earnings (loss) from operations were $143,000, net of income taxes of $154,000, and $(2,934,000), net of income tax benefit of $1,351,000, respectively. A pre-tax charge for a reduction of the carrying value of crude oil and natural gas properties of $3,395,000 was recorded in 1994.

Coal seam gas tax credits generated from these operations in 1996 of $519,000 were allocated to discontinued operations. Similar tax credits generated in 1995 and 1994 of $700,000 and $635,000, respectively, which could not be used on a separate return basis, were allocated to continuing operations based on the Company's tax sharing arrangement.

NOTE 4—MARKETABLE SECURITIES:

During 1995, all of the Company's marketable securities, which were classified as available-for-sale as defined in SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," were sold or matured.

In recording gains and losses on the sale of marketable securities, cost is determined using specific identification. In 1995, the Company realized gross losses of approximately $310,000, offset in part by a $200,000 gain realized on the full payment of certain notes which had been written down by that amount in 1994 to reflect an estimated other than temporary impairment.

NOTE 5—INVENTORIES:

Inventories consist of the following:

IN THOUSANDS

	December 31,	
	1996	1995
First-in, first-out ("FIFO") method:		
Crude oil	**$ 10,443**	$ 15,465
Refined products	**22,462**	17,605
Refinery and shop supplies	**7,439**	6,871
Retail method:		
Merchandise	**2,768**	2,721
Subtotal	**43,112**	42,662
Allowance for last-in, first-out ("LIFO") method	**(4,886)**	(81
Total	**$ 38,226**	$ 42,581

The Company uses the LIFO method of inventory valuation. The portion of inventories valued on a LIFO basis totaled $25,887,000 and $29,710,000 at December 31, 1996 and 1995, respectively. The following data will facilitate comparison with the operating results of companies using the FIFO method.

If inventories had been determined using the FIFO method at December 31, 1996, 1995 and 1994, net earnings and earnings per share for the years ended December 31, 1996, 1995 and 1994 would have been higher (lower) by $2,883,000 and $0.26, $(268,000) and $(0.02) and $357,000 and $0.03, respectively.

NOTE 6—PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment, at cost, consist of the following:

	IN THOUSANDS December 31,	
	1996	1995
Land and improvements	**$ 24,053**	$ 21,582
Buildings and improvements	**61,955**	56,165
Machinery and equipment	**195,964**	178,301
Pipelines	**9,510**	8,875
Furniture and fixtures	**16,568**	15,195
Vehicles	**8,372**	6,552
Construction in progress	**5,838**	6,249
Subtotal	**322,260**	292,919
Accumulated depreciation and amortization	**(108,715)**	(94,357)
Total	**$ 213,545**	$ 198,562

NOTE 7—ACCRUED EXPENSES:

Accrued expenses are comprised of the following:

	IN THOUSANDS December 31,	
	1996	1995
Excise taxes	**$ 8,212**	$ 8,608
Bloomfield refinery acquisition contingent payment	**6,910**	1,198
Payroll and related costs	**3,804**	3,975
Bonus, profit sharing and retirement plans	**2,850**	538
Interest	**1,267**	1,390
Other	**4,729**	4,607
Total	**$ 27,772**	$ 20,316

NOTE 8—LONG-TERM DEBT:

Long-term debt consists of the following:

	IN THOUSANDS December 31,	
	1996	1995
9 3/4% senior subordinated notes, due 2003, interest payable semi-annually	**$ 100,000**	$ 100,000
Unsecured credit agreement, due 1998, floating interest rate, interest payable quarterly	**10,000**	31,000
10.91% senior unsecured note repaid October 1996		8,750
Notes payable to others, collateralized by real estate, 9% to 11%, due 1996 to 2010, interest payable monthly or annually	**2,208**	3,645
8% secured promissory note, due 1996 to 1997, interest payable quarterly	**973**	1,945
Other	**1,339**	1,399
Subtotal	**114,520**	146,739
Less current portion	**(1,439)**	(4,063)
Total	**$ 113,081**	$ 142,676

Repayment of the 9 3/4% senior subordinated notes ("Notes") is jointly and severally guaranteed on an unconditional basis by the Company's direct and indirect wholly-owned subsidiaries, subject to a limitation designed to ensure that such guarantees do not constitute a fraudulent conveyance. Except as otherwise allowed in the Indenture pursuant to which the Notes were issued, there are no restrictions on the ability of such subsidiaries to transfer funds to the Company in the form of cash dividends, loans or advances. General provisions of applicable State law, however, may limit the ability of any subsidiary to pay dividends or make distributions to the Company in certain circumstances.

No separate financial statements of the subsidiaries are included herein because the subsidiaries are jointly and severally liable; the aggregate assets, liabilities, earnings, and equity of the subsidiaries are substantially equivalent to the assets, liabilities, earnings, and equity of the Company on a consolidated basis; and the separate financial statements and other disclosures concerning the subsidiaries are not deemed material to investors.

The Indenture supporting the Notes contains certain covenants that, among other things, restrict the ability of the Company and its subsidiaries to create liens, incur or guarantee debt, pay dividends, sell certain assets or subsidiary stock, engage in certain mergers, engage in certain transactions with affiliates or alter the Company's current line of business. At December 31, 1996, the Company was in compliance with these covenants. In addition, the Company is, subject to certain conditions, obligated to offer to purchase a portion of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, with the net cash proceeds of certain sales or other dispositions of assets. Upon a change of control, the Company will be required to offer to purchase all of the Notes at 101% of the principal amount thereof, plus accrued interest, if any, to the date of purchase. At December

31, 1996, retained earnings available for dividends under the terms of the Indenture was approximately $16,123,000.

In October 1995, the Company entered into a Credit Agreement with a group of banks under which $30,000,000 was borrowed pursuant to a three-year unsecured revolving term facility to provide financing for the purchase of the Bloomfield refinery. At December 31, 1996, this revolving term facility had been repaid. The $30,000,000 that was repaid is currently available for reborrowing under this facility for the acquisition of property, plant and equipment. This facility has a floating interest rate that is tied to various short-term indices.

In addition, the Credit Agreement contains a three-year unsecured working capital facility to provide working capital and letters of credit in the ordinary course of business. The availability under this working capital facility is the lesser of (i) $40,000,000, or (ii) the amount determined under a borrowing base calculation tied to eligible accounts receivable and inventories as defined in the Credit Agreement. At December 31, 1996, the lesser amount was $40,000,000. At December 31, 1996, direct borrowings under this arrangement were $10,000,000 and there were $15,928,000 of irrevocable letters of credit outstanding. This facility has a floating interest rate that is tied to various short-term indices and was 6.5% per annum at December 31, 1996.

The Company is required to pay a quarterly commitment fee based on the unused amount of each facility.

The Credit Agreement contains certain covenants and restrictions which require the Company to, among other things, maintain a minimum consolidated net worth; minimum fixed charge coverage ratio; minimum funded debt to total capitalization percentage; and places limits on investments, prepayment of senior subordinated debt, guarantees, liens and restricted payments. At December 31, 1996, the Company was in compliance with these covenants. The Credit Agreement is guaranteed by substantially all of the Company's wholly-owned subsidiaries.

On October 17, 1996, the 10.91% senior unsecured note due to an insurance company was repaid. In 1996, 1995 and 1994, the Company's interest expense was reduced by approximately $363,000, $242,000 and $288,000, respectively, as a result of amortizing the proceeds received from a terminated interest rate swap agreement that was related to this note. At December 31, 1996, the balance of the deferred swap proceeds was fully amortized due to the repayment of the 10.91% note.

Aggregate annual maturities of long-term debt as of December 31, 1996 are: 1997 – $1,439,000; 1998 – $10,395,000; 1999 – $1,530,000; 2000 – $49,000; 2001 – $56,000; and all years thereafter – $101,051,000.

NOTE 9—FINANCIAL INSTRUMENTS AND HEDGING ACTIVITY:

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of SFAS No. 107, "Disclosures about Fair Value of Financial Instruments" and SFAS No. 119, "Disclosures about Derivative Financial Instruments and Fair Value of Financial Instruments." The estimated fair value amounts have been determined by the Company using available market information and valuation methodologies described below. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein may not be indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

The carrying amounts and estimated fair values of the Company's financial instruments are as follows:

IN THOUSANDS

	December 31,			
	1996		1995	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Balance Sheet—Financial Instruments:				
Fixed rate long-term debt	**$ 104,449**	**$ 108,491**	$ 115,637	$ 116,259

The carrying values of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate fair values due to the short-term maturities of these instruments. Variable rate long-term debt instruments are estimated to approximate fair values as rates are tied to short-term indices.

FIXED RATE LONG-TERM DEBT

The fair value of fixed rate long-term debt was determined using quoted market prices, where applicable, or estimated by discounting future cash flows using rates estimated to be currently available for debt of similar terms and remaining maturities.

HEDGING ACTIVITIES

The Company purchases crude oil futures contracts and options to reduce price volatility, to fix margins in its refining and marketing operations and to protect against price declines for excess inventory volumes. These contracts permit settlement by delivery of commodities and, therefore, are not financial instruments, as defined by SFAS No. 105.

The Company uses these contracts in its hedging activities. At December 31, 1996, the Company's hedging activities had futures contracts maturing in 1997 covering 16,000 barrels of crude oil. At December 31, 1995, the Company's hedging activities had futures contracts maturing in 1996 covering 85,000 barrels of crude oil and options had been purchased on 240,000 barrels of crude oil. The crude oil options provided the Company downside protection on a portion of crude oil barrels in inventory in excess of current operating needs. The crude oil futures contracts qualify as hedges and any gains or losses resulting from market changes are substantially offset by losses or gains on the Company's hedging contracts. Gains and losses on hedging contracts are deferred and reported as a component of the related transaction. Net deferred (losses)/gains for the Company's petroleum hedging activities were approximately $(30,000) and $116,000 at December 31, 1996 and 1995, respectively.

The Company is exposed to loss in the event of nonperformance by the other parties to these contracts. However, the Company does not anticipate nonperformance by the counterparties.

NOTE 10—INCOME TAXES:

The provision for income taxes is comprised of the following:

		IN THOUSANDS Year Ended December 31,		
		1996	1995	1994
Current:	Federal	**$ 3,712**	$ 1,140	$ 3,283
	State	**906**	866	385
Deferred:	Federal	**5,471**	1,438	(1,189)
	State	**1,043**	194	129
		$ 11,132	$ 3,638	$ 2,608

Income taxes paid in 1996, 1995 and 1994 were $8,909,000, $0, and $5,379,000, respectively.

A reconciliation of the difference between the provision for income taxes and income taxes at the statutory U.S. federal income tax rate is as follows:

	IN THOUSANDS Year Ended December 31,		
	1996	1995	1994
Income taxes at the statutory U.S. federal income tax rate	**$ 9,864**	$ 3,980	$ 3,522
Increase (decrease) in taxes resulting from:			
State taxes, net	**1,346**	563	505
General business credits, net		(679)	(910)
Federal tax credits from nonconventional fuel		(700)	(635)
Other, net	**(78)**	474	126
	$ 11,132	$ 3,638	$ 2,608

Deferred income taxes are provided to reflect temporary differences in the basis of net assets for income tax and financial reporting purposes. The tax effected temporary differences and credit carryforwards which comprise deferred taxes are as follows:

	IN THOUSANDS December 31,					
			1996			1995
	Assets	Liabilities	Total	Assets	Liabilities	Total
Nondeductible accruals for uncollectible receivables	**$ 101**		**$ 101**	$ 168		$ 168
Insurance accruals	**373**		**373**	597		597
Insurance settlements	**213**		**213**	106		106
Other nondeductible accruals	**208**		**208**	130		130
Other reserves	**617**		**617**	616		616
Inventory costs capitalized for income tax purposes	**124**		**124**	137		137
Other				391		391
Total current	**1,636**		**1,636**	2,145		2,145
Other nondeductible accruals	**1,114**		**1,114**	349		349
Restricted stock awards					$ (28)	(28)
Operating lease		**$ (938)**	**(938)**		(1,003)	(1,003)
Accelerated depreciation		**(25,717)**	**(25,717)**		(19,953)	(19,953)
Other	**27**	**(1,664)**	**(1,637)**	42	(979)	(937)
Tax credit carryforwards	**8,136**		**8,136**	8,708		8,708
Total noncurrent	**9,277**	**(28,319)**	**(19,042)**	9,099	(21,963)	(12,864)
Total	**$ 10,913**	**$ (28,319)**	**$ (17,406)**	$ 11,244	$ (21,963)	$ (10,719)

At December 31, 1996, the Company had a minimum tax credit carryforward of approximately $5,537,000 available to offset future income taxes payable to the extent regular income taxes payable exceeds alternative minimum taxes payable. Minimum tax credits can be carried forward indefinitely.

At December 31, 1996, the Company also had approximately $2,599,000 of general business credits available to offset future regular taxes payable. Pursuant to Federal income tax law, these carryover credits must be used before any minimum tax credit carry- forward can be used. Of the total general business credit available, $214,000 will expire in 2008, $1,341,000 will expire in 2009 and $1,044,000 will expire in 2010.

NOTE 11—EMPLOYEE STOCK OWNERSHIP PLAN:

The Company and its subsidiaries have an Employee Stock Ownership Plan ("ESOP") which is a noncontributory defined contribution plan established primarily to acquire shares of the Company's common stock for the benefit of all eligible employees.

The ESOP originally borrowed $6,500,000 from a bank and purchased shares of the Company's common stock from existing shareholders. The loan was purchased by the Company from the bank in 1993 when the loan had a principal balance of $1,347,000. In 1995, the ESOP paid the balance due on the loan of $514,000.

At December 31, 1996 and 1995, the ESOP's assets included 1,296,088 and 1,435,965 shares of the Company's common stock, respectively. All of these shares have been allocated to the participants. Shares were allocated to participants when principal payments were made on the loan discussed above. The 1996 contribution of $450,000 was invested in a balanced mutual fund. Allocations to participant accounts are made on a formula based on the ratio that each participant's compensation, during the Plan year, bears to the compensation of all such participants. The Company treats all ESOP shares as outstanding for earnings per share purposes.

Contributions to the ESOP are made at the discretion of the Board of Directors. The Company made contributions of $450,000, $900,000 and $900,000 to the ESOP for 1996, 1995 and 1994, respectively.

NOTE 12—STOCK INCENTIVE PLAN:

The Company established the 1989 Stock Incentive Plan under which 500,000 shares of the Company's common stock were authorized to be issued to deserving employees in the form of options and/or restricted stock. The Plan is administered by the Compensation Committee of the Board of Directors, but to the extent required under Section 16 of the Securities Exchange Act of 1934, any transaction between the Company or the Plan and an executive officer of the Company that involves a grant, award or other acquisition of the Company's equity securities must be approved by the Board of Directors.

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123 "Accounting for Stock Based Compensation." The Company has determined that it will not change to the fair value method prescribed in the Statement and will continue to use Accounting Principles Board Opinion No. 25 for measurement and recognition of employee stock based compensation.

The following summarizes stock option transactions:

Options outstanding at	Shares	Weighted Average Exercise Price
January 1, 1994	304,857	$ 8.05
Granted	10,000	9.81
Exercised	(500)	5.25
Forfeited	(2,000)	5.25
December 31, 1994	312,357	8.13
Exercised	(1,000)	7.75
Forfeited	(5,000)	7.75
December 31, 1995	306,357	8.14
Exercised	(32,750)	6.61
Forfeited	(6,600)	6.39
December 31, 1996	**267,007**	**$ 8.37**
Options exercisable at December 31:		
1996	**256,573**	**$ 8.44**
1995	222,973	8.29
1994	154,481	8.41

The following summarizes information about stock options outstanding at December 31, 1996:

Options Outstanding				Options Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 8.96	108,857	2.5 Years	$ 8.96	108,857	$ 8.96
10.50	5,000	3.6 Years	10.50	5,000	10.50
10.63	26,000	4.2 Years	10.63	26,000	10.63
5.25	30,400	5.3 Years	5.25	23,300	5.25
7.75	86,750	6.3 Years	7.75	86,750	7.75
9.81	10,000	7.2 Years	9.81	6,666	9.81
	267,007	4.4 Years	$ 8.37	256,573	$ 8.44

In 1990, an additional 29,500 shares of restricted stock were granted under this plan of which 8,572 were forfeited in 1993 and 1,286 in 1994.

At December 31, 1996, there were 175,401 shares available for future grants.

Prior to adoption of the 1989 Stock Incentive Plan, the Company granted shares to employees under Restricted Stock Plans as follows:

	Shares
1989	124,097*
1988	214,436**

* Net of 21,045 shares forfeited.
**Net of 33,757 shares forfeited/redeemed/canceled.

All of the options or restricted stock grants are subject to forfeiture with vesting ranging from 14% to 33% annually beginning one year after the date of grant for restricted stock and exercise dates of stock options. Compensation expense related to restricted stock grants is charged to earnings over the appropriate vesting period. All options were granted at fair market value at the date of grant and expire on the tenth anniversary of the grant date.

NOTE 13—401(K) PLAN:

In 1993, the Company adopted a 401(k) retirement plan for its employees. This plan complements the Company's Employee Stock Ownership Plan by allowing the employees to invest on a pre-tax basis in non-Giant stock investments thus diversifying their retirement portfolios. For the years ended December 31, 1996, 1995 and 1994, the Company had expensed $800,000, $188,000 and $189,000, respectively, for matching contributions under this plan.

NOTE 14—INTEREST, OPERATING LEASES AND RENT EXPENSE:

Interest paid and capitalized for 1996 was $12,804,000 and $43,000, for 1995 was $11,833,000 and $190,000 and for 1994 was $11,644,000 and $0, respectively.

The Company is committed to annual minimum rentals under noncancelable operating leases that have initial or remaining lease terms in excess of one year as of December 31, 1996 as follows:

	IN THOUSANDS Land, building, machinery and equipment leases
1997	$ 939
1998	878
1999	659
2000	396
2001	68
Total minimum payments required	$ 2,940

Total rent expense was $1,930,000, $1,982,000 and $1,890,000 for 1996, 1995 and 1994, respectively.

NOTE 15—COMMITMENTS AND CONTINGENCIES:

The Company and certain subsidiaries are defendants to various legal actions. Certain of these pending legal actions involve or may involve claims for compensatory, punitive or other damages. Litigation is subject to many uncertainties and it is possible that some of these legal actions, proceedings or claims could be decided adversely. Although the amount of liability at December 31, 1996 with respect to these matters is not ascertainable, the Company believes that any resulting liability should not materially affect the Company's financial condition or results of operations.

Federal, state and local laws and regulations relating to health and the environment affect nearly all of the operations of the Company. As is the case with all companies engaged in similar industries, the Company faces significant exposure from actual or potential claims and lawsuits involving environmental matters. These matters include soil and water contamination, air pollution and personal injuries or property damage allegedly caused by substances manufactured, handled, used, released or disposed of by the Company. Future expenditures related to health and environmental matters cannot be reasonably quantified in many circumstances due to the speculative nature of remediation and clean-up cost estimates and methods, imprecise and conflicting data regarding the hazardous nature of various types of substances, the number of other potentially responsible parties involved, various defenses which may be available to the Company and changing environmental laws and interpretations of environmental laws.

The United States Environmental Protection Agency notified the Company in May 1991 that it may be a potentially responsible party for the release or threatened release of hazardous substances, pollutants, or contaminants at the Lee Acres Landfill, which is owned by the United States Bureau of Land Management ("BLM") and which is adjacent to the Company's Farmington refinery. This refinery was operated until 1982. Although a final plan of action for the Landfill has not yet been adopted by the BLM, the BLM has developed a proposed plan of action which it projects will cost approximately $3,900,000 to implement. This cost projection is based on certain assumptions which may or may not prove to be correct, and is contingent on confirmation that the remedial actions, once implemented, are adequately addressing Landfill contamination. For example, if assumptions regarding groundwater mobility and contamination levels are incorrect, BLM is proposing to take additional remedial actions with an estimated cost of approximately $1,800,000. Potentially responsible party liability is joint and several, such that a responsible party may be liable for all of the clean-up costs at a site even though it was responsible for only a small part of such costs. Based on current information, the Company does not believe it needs to record a liability in relation to the BLM's proposed plan.

The Company has established an environmental liability accrual of approximately $3,000,000. Approximately $1,000,000 relates to ongoing environmental projects, including the remediation of a hydrocarbon plume at the Company's Farmington refinery and hydrocarbon contamination on and adjacent to 5.5 acres the Company owns in Bloomfield, New Mexico. The remaining amount of approximately $2,000,000 relates to an original estimate of approximately $2,300,000, recorded in the second quarter of 1996, of certain environmental obligations assumed in the acquisition of the Bloomfield refinery. That amount was recorded as an

adjustment to the purchase price and allocated to the assets acquired. The environmental accrual is recorded in the current and long-term sections of the Company's Consolidated Balance Sheet.

The Company has received several tax notifications and assessments from the Navajo Tribe relating to crude oil and natural gas removed from properties located outside the boundaries of the Navajo Indian Reservation in an area of disputed jurisdiction, including a $1,800,000 severance tax assessment issued to Giant Arizona in November 1991. The Company has invoked its appeal rights with the Tribe's Tax Commission in connection with this assessment and intends to oppose the assessment. It is the Company's position that it is in substantial compliance with laws applicable to the disputed area and, therefore, has accrued a liability in regards thereto for substantially less than the amount of the original assessment. It is possible that the Company's assessments will have to be litigated by the Company before final resolution. In addition, the Company may receive further tax assessments.

NOTE 16—QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

IN THOUSANDS EXCEPT PER SHARE DATA

	Quarter			
Year Ended December 31, 1996(1)	First	Second	Third	Fourth
Continuing Operations:				
Net revenues	$104,100	$135,643	$136,032	$123,409
Cost of products sold	73,960	92,718	100,567	94,619
Gross margin	30,140	42,925	35,465	28,790
Operating expenses	15,408	15,869	16,141	16,897
Depreciation and amortization	4,096	4,285	4,508	4,784
Selling, general and administrative expenses	3,595	5,447	3,423	3,137
Net earnings	2,325	8,693	5,283	750
Net earnings per common share	$ 0.21	$ 0.77	$ 0.47	$ 0.07
Discontinued Operations:				
Net earnings (loss)	$ 79	$ (72)	$ (20)	
Net earnings (loss) per common share	$ -	$ -	$ -	

IN THOUSANDS EXCEPT PER SHARE DATA

	Quarter			
Year Ended December 31, 1995	First	Second	Third	Fourth(2)
Continuing Operations:				
Net revenues	$ 69,562	$ 80,590	$ 78,400	$104,336
Cost of products sold	49,357	56,497	53,719	74,698
Gross margin	20,205	24,093	24,681	29,638
Operating expenses	12,115	12,255	13,120	14,366
Depreciation and amortization	3,056	3,307	2,986	3,996
Selling, general and administrative expenses	2,842	3,365	3,333	3,238
Net earnings	112	2,093	1,968	3,560
Net earnings per common share	$ 0.01	$ 0.18	$ 0.17	$ 0.32
Discontinued Operations:				
Net earnings	$ 35	$ 59	$ 10	$ 39
Net earnings per common share	$ -	$ 0.01	$ -	$ -

(1) 1996 includes the results of operations of the Bloomfield refinery for all periods presented.

(2) Fourth quarter 1995 includes the results of operations of the Bloomfield refinery which was acquired on October 4, 1995.

Board of Directors and Stockholders
Giant Industries, Inc.
Scottsdale, Arizona

We have audited the accompanying consolidated balance sheets of Giant Industries, Inc. and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1996. 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 generally accepted auditing standards. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Giant Industries, Inc. and subsidiaries as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Phoenix, Arizona
March 3, 1997

STOCKHOLDER INFORMATION

CORPORATE HEADQUARTERS

Giant Industries, Inc.
23733 North Scottsdale Road
Scottsdale, Arizona 85255-3465
(602) 585-8888

TRADED

New York Stock Exchange
Symbol: GI

ANNUAL MEETING

Thursday, May 8, 1997,
10:00 a.m., at the Radisson Resort Scottsdale
7171 N. Scottsdale Road
Scottsdale, Arizona 85253

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Phoenix, Arizona

STOCKHOLDERS

Approximately 274 stockholders of record on December 31, 1996

REGISTRAR AND TRANSFER AGENT

Harris Trust and Savings Bank
311 West Monroe Street
P.O. Box A3504
Chicago, Illinois 60690-3504
(800) 573-4048

FORM 10-K

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available without charge to all stockholders by calling (602) 585-8888 or by writing to: Mark B. Cox, Treasurer, at the Company's corporate headquarters.

ADDITIONAL INFORMATION

Requests for additional information should be directed to:
Mark B. Cox, Treasurer, at (602) 585-8888.

SHARE PRICE AND DIVIDEND DATA

1996

	High	Low	Close	Dividends
4th Quarter	16 1/8	13 3/4	14	$ 0.05
3rd Quarter	16 1/4	13 3/8	14 3/8	$ 0.05
2nd Quarter	15 5/8	12 1/4	14 1/2	$ 0.05
1st Quarter	14	10 7/8	13 3/4	$ 0.05

1995

	High	Low	Close	Dividends
4th Quarter	12 1/4	9 5/8	12 1/4	$ 0.05
3rd Quarter	11 3/8	7 7/8	10 7/8	$ 0.05
2nd Quarter	8 7/8	7 1/8	8 1/2	$ 0.05
1st Quarter	8 7/8	6 5/8	7 3/4	$ 0.05

DESIGN: THE M. GROUP, PHOENIX

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HAZARDOUS WASTE
PROGRAM

23733 North Scottsdale Road
Scottsdale, Arizona 85255
(602) 585-8888

GIANT
INDUSTRIES, INC.