SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant /X/
Filed by a Party other than the Registrant / /
Check the appropriate box:
/ / Preliminary Proxy Statement
/ / Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

HOLLY CORPORATION

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required.

/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

/ / Fee paid previously with preliminary materials.

/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

---

(4) Date Filed:

2

HOLLY CORPORATION
100 CRESCENT COURT
SUITE 1600
DALLAS, TEXAS 75201-6927

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DECEMBER 11, 1997

PLEASE TAKE NOTICE that the Annual Meeting of Stockholders of Holly Corporation will be held in Suite 200, First National Bank Building, 303 West Main, Artesia, New Mexico, on Thursday, December 11, 1997, at 9:30 o'clock A.M. local time, to

1. Elect a board of eight directors for the ensuing year; and

2. Transact such other business as may properly come before the meeting, or any adjournment thereof.

Only stockholders of record on October 24, 1997 are entitled to notice of and to vote at the meeting.

STOCKHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING IN PERSON ARE URGED TO FILL OUT, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE ON WHICH NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. PROXIES FORWARDED BY OR FOR BROKERS, BANKS, OR FIDUCIARIES SHOULD BE RETURNED AS REQUESTED BY THEM. THE PROMPT RETURN OF PROXIES WILL SAVE THE EXPENSE INVOLVED IN FURTHER COMMUNICATION.

By Order of the Board of Directors:

HENRY A. TEICHHOLZ
Vice President, Treasurer and
Controller

November 3, 1997

3

PROXY STATEMENT
OF
HOLLY CORPORATION
100 CRESCENT COURT
SUITE 1600
DALLAS, TEXAS 75201-6927

The enclosed proxy for the Annual Meeting of Stockholders is being solicited on behalf of the Board of Directors of Holly Corporation and is revocable at any time prior to the exercise of the powers conferred thereby by written notice to the Controller of the Company or in open meeting. The proxy statement and proxy are expected to be sent to stockholders commencing on November 3, 1997. The cost of soliciting proxies will be borne by the Company. Regular employees of the Company may solicit proxies by mail, telephone, telecopier or in person, without special compensation. Upon request, the Company will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses incurred by them in forwarding proxy material to beneficial owners of Common Stock.

The Company's Annual Report for its 1997 fiscal year, which ended on July 31, 1997, is being distributed concurrently herewith. The Board of Directors has fixed October 24, 1997, as the record date for the determination of stockholders entitled to vote at the Annual Meeting. At the close of business on that record date, there were outstanding 8,253,514 shares of the common stock, par value $.01 per share (the "Common Stock"), the holders of which are entitled to one vote per share.

4

PRINCIPAL STOCKHOLDERS

The table below lists the only persons known to the management to own beneficially, as beneficial ownership is defined by Rule 13d-3 adopted by the Securities and Exchange Commission ("SEC"), 5% or more of the Company's Common Stock as of October 10, 1997:

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(A)	PERCENT OF COMMON STOCK OUTSTANDING
Texas Commerce Bank, N.A. Trustee for Holly Corporation Employee Stock Ownership Plan P.O. Box 2558 Houston, Texas 77252	1,058,561 shares(1)	12.8%
Brown Brothers Harriman Trust Company of Texas, as trustee of trusts in the names of Betty Regard, Margaret Simmons and Suzanne Bartolucci(2) 2001 Ross Avenue Dallas, Texas 75201-2996	1,511,136 shares	18.3%
Brown Brothers Harriman Trust Company of Texas, as trustee of a trust for the benefit of David Norsworthy. 2001 Ross Avenue Dallas, Texas 75201-2996	93,854 shares	1.1%
Lamar Norsworthy 100 Crescent Court Dallas, Texas 75201-6927	328,859 shares(3)	4.0%
Nona Barrett P.O. Box 150 Crested Butte, Colorado 81224	328,132 shares	4.0%
David Norsworthy, Lamar Norsworthy and Brown Brothers Harriman Trust Company of Texas, as co-trustees of three trusts for the benefit of David and Lamar Norsworthy and Nona Barrett, respectively(4) 2001 Ross Avenue Dallas, Texas 75201-2996	285,858 shares(5)	3.5%
The Guardian Life Insurance Company of America, its subsidiaries and affiliates, acting in various fiduciary capacities 201 Park Avenue South New York, New York 10003	775,268 shares(6)	9.4%
Smith Barney, Inc. 500 108th Ave. NE, Suite 1900 Bellevue, Washington 98004	592,464 shares	7.2%

(All notes appear on following page)

- ---------------

(a) Sole voting and investment power except as shown otherwise.

(1) Plan participants share voting power.

(2) The named individuals are life beneficiaries and their "children and descendants," of whom there are now seven, are residuary beneficiaries of these trusts.

(3) Does not include 285,858 shares which are beneficially owned by three trusts of which this owner is a co-trustee and which are listed separately.

(4) The named individuals are the life beneficiaries and members of their families are the residuary beneficiaries of these trusts. Substantially all of the 285,858 shares are held in a limited partnership of which the general partner is a limited liability company owned and controlled by these trusts; the 98.5% limited partner in such partnership is a trust of which David Norsworthy, Lamar Norsworthy and Brown Brothers Harriman Trust

Company of Texas are co-trustees and under which, unless the life beneficiary of the trust exercises a power of appointment directing otherwise, residuary beneficiaries are the trusts for the benefit of David and Lamar Norsworthy and Nona Barrett of which Brown Brothers Harriman Trust Company of Texas is the trustee.

(5) The three co-trustees share indirect voting and investment powers. Lamar Norsworthy disclaims that he is the beneficial owner except as to 1,430 of these shares.

(6) Beneficial owner has shared voting and investment power with respect to 507,268 shares and sole voting and investment power with respect to 268,000 shares.

The Company is advised that as of October 10, 1997 the present executive officers and directors of the Company as a group owned beneficially 839,363 shares (including 284,428 shares as to which Lamar Norsworthy, Chairman of the Board and Chief Executive Officer of the Company, disclaims beneficial ownership) or approximately 10.2% of the Common Stock. Other than Lamar Norsworthy, no executive officer owns more than 1% of the Company's Common Stock.

ELECTION OF DIRECTORS

At the Annual Meeting it is proposed to elect the eight management nominees shown below to hold office as directors until the next annual meeting of stockholders or until their respective successors shall have been elected and qualify.

Each of the nominees listed below was elected as director by the shareholders at the annual meeting in 1996. If any nominee should unexpectedly become unavailable for election, votes will be cast, pursuant to the accompanying proxy, for the election of a substitute who may be selected by the present Board of Directors. Management has no reason to believe that any of the nominees named below will be unable to serve.

All properly executed proxies delivered pursuant to this solicitation and not revoked will be voted at the Annual Meeting in accordance with the directions given. With respect to the election of directors, in voting by proxy, stockholders may vote in favor of all nominees or withhold their votes as to all nominees or withhold their votes as to specific nominees. The election of directors will be decided by a plurality vote. Thus, abstentions and broker non-votes will be treated as votes neither "for" nor "against" the election of directors, although abstentions and broker non-votes will be counted in determining if a quorum is present.

Set forth below is certain information about each nominee, including principal occupations for at least five years and beneficial ownership of shares of Common Stock ("Common Shares"). Offices with the Company have been held for at least five years, unless otherwise indicated. Membership on certain Board committees is indicated by (A) for audit committee, compensation committee and public policy committee; (E) for executive committee:

Matthew P. Clifton, 46, a director since September 1995, has been with the Company for over fifteen years and is President of the Company. From 1991 to 1995 he served as Senior Vice President with responsibilities for refining operations, engineering and oil and gas activities for the Company. (E)

Common Shares owned........... 18,352

William J. Gray, 56, a director since September 1996, has been with the Company for over twenty five years and is Senior Vice President, Marketing and Supply of the Company.

Common Shares owned........... 28,429

Marcus R. Hickerson, 71, a director since 1960, has been a consultant to Centex Development Company since 1987. (A)

Common Shares owned............ 1,556

A. J. Losee, 72, a director since 1978, is of Counsel in the Artesia, New Mexico law firm of Losee, Carson, Haas & Carroll, P.A., and has practiced law for more than 40 years. (A) (E)

Common Shares owned............ 1,000

Thomas K. Matthews, II, 71, a director since 1978, is a financial consultant. (A)

Common Shares owned.............. 400

Robert G. McKenzie, 59, a director since 1992, has been Executive Vice President and Chief Operating Officer of Brown Brothers Harriman Trust Company of Texas since January 1990. (A)

Common Shares owned............ 1,000

Lamar Norsworthy, 51, a director since 1967, is Chairman of the Board and Chief Executive Officer of the Company. From 1988 to 1995 he also was President. (E)

Common Shares owned........ 328,859(1)

Jack P. Reid, 61, a director since 1977, is Executive Vice President, Refining, of the Company. (E)

Common Shares owned........... 62,580

- ---------------

(1) Mr. Norsworthy shares with two co-trustees voting and investment power for an additional 285,858 Common Shares as to which he disclaims beneficial ownership except as to 1,430 shares; see "Principal Stockholders".

Certain information set forth above for each director nominee is based on information furnished by such nominee; stockholdings are as of October 10, 1997. No nominee other than Mr. Norsworthy owns beneficially as much as 1% of the Common Stock.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Based upon the Company's review of the reports and amendments on Forms 3, 4 and 5 furnished to the Company pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), all such reports were filed in a timely manner by reporting persons.

BOARD COMMITTEES AND MEETINGS

The Audit Committee of the Board of Directors, which met two times during the 1997 fiscal year, is responsible for monitoring the Company's internal accounting controls, recommending to

the Board the selection of independent auditors, and reviewing certain activities of the independent auditors and their reports and conclusions.

The Compensation Committee of the Board of Directors, which met five times during the 1997 fiscal year, is responsible for recommending to the Board changes in the compensation of executive personnel, for determining salaries and bonuses for employee directors, and for reviewing and making recommendations relative to the Company's employee benefit plans. In addition, an Executive Stock Option Committee composed of nonemployee directors is responsible for considering grants of stock options to officers and directors of the Company; this committee met one time during the 1997 fiscal year.

The Public Policy Committee of the Board of Directors, which met three times during the 1997 fiscal year, is responsible for (1) reviewing the Company's policies and procedures on matters of public and governmental concern that significantly affect the Company, including but not limited to environmental, occupational health and safety, and equal employment opportunity matters, and (2) recommending to management and the Board of Directors the formulation or modification of policies and procedures concerning such matters.

The Executive Committee of the Board of Directors has the authority of the Board, to the extent permitted by law and subject to any limitations that may be specified from time to time by the Board, for the management of the business and affairs of the Company between meetings of the Board.

The Board of Directors does not have a standing nominating committee.

During the 1997 fiscal year, the Board of Directors held four meetings. Each director attended at least 75% of the aggregate of the total number of meetings of the Board and of all committees of the Board on which that director served.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

The following table and notes present the compensation provided by the Company to its chief executive officer and the other four most highly compensated executive officers for all services rendered in all capacities to the Company and its subsidiaries for the fiscal years ended July 31, 1997, 1996 and 1995.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION			
NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION(1)	ALL OTHER COMPEN-SATION
Lamar Norsworthy	1997	$420,900	$ 70,000	--	$15,888(2)
Chairman of the Board	1996	404,990	140,000	--	89,322(3)
and Chief Executive Officer	1995	389,340	80,000	--	89,471(4)
Matthew P. Clifton	1997	250,040	60,000	--	7,441(2)
President	1996	204,265	80,000	--	32,841(3)
	1995	154,200	51,000	--	27,325(4)
Jack P. Reid	1997	354,400	70,000	--	15,554(2)
Executive Vice President,	1996	341,020	120,000	--	74,194(3)
Refining	1995	327,870	70,000	--	76,575(4)
William J. Gray	1997	201,600	55,000	--	6,850(2)
Senior Vice President, Marketing	1996	182,800	70,000	--	29,971(3)
and Supply	1995	174,710	55,000	--	28,195(4)
Christopher L. Cella	1997	170,408	37,000	--	6,602(2)
Vice President, General	1996	163,587	51,000	--	22,754(3)
Counsel and Secretary	1995	157,025	43,000	--	21,691(4)

- ---------------

(1) Any perquisites or other personal benefits received from the Company by any of the named executives were substantially less than the reporting thresholds established by the SEC (the lesser of $50,000 or 10% of the individuals' total annual salary and bonus).

(2) All Other Compensation -- details for fiscal 1997:

NAME	DIVIDENDS ON PHANTOM SHARES	COMPANY MATCHING THRIFT PLAN	TOTAL
Lamar Norsworthy	$10,090	$5,798	$15,888
Matthew P. Clifton	683	6,758	7,441
Jack P. Reid	9,756	5,798	15,554
William J. Gray	704	6,146	6,850
Christopher L. Cella	449	6,153	6,602

(3) All Other Compensation -- details for fiscal 1996:

NAME	ESOP RESTORATION PLAN*	DIVIDENDS ON PHANTOM SHARES	COMPANY MATCHING THRIFT PLAN	COMPANY CONTRIBUTION TO ESOP	DIVIDENDS DISTRIBUTED ON UNALLOCATED ESOP SHARES	TOTAL
Lamar Norsworthy	$68,164	$7,208	$9,352	$4,105	$493	$89,322
Matthew P. Clifton	21,579	214	6,450	4,105	493	32,841
Jack P. Reid	53,067	7,177	9,352	4,105	493	74,194
William J. Gray	17,947	290	7,136	4,105	493	29,971
Christopher L. Cella	11,600	182	6,374	4,105	493	22,754

(4) All Other Compensation -- details for fiscal 1995:

NAME	ESOP RESTORATION PLAN*	DIVIDENDS ON PHANTOM SHARES	COMPANY MATCHING THRIFT PLAN	COMPANY CONTRIBUTION TO ESOP	DIVIDENDS DISTRIBUTED ON UNALLOCATED ESOP SHARES	MOVING EXPENSE REIMBURSEMENT	TOTAL
Lamar Norsworthy	$68,735	$5,648	$9,240	$4,847	$1,001	$ --	$89,471
Matthew P. Clifton	11,539	--	5,976	4,847	1,001	3,962	27,325
Jack P. Reid	55,635	5,852	9,240	4,847	1,001	--	76,575
William J. Gray	15,611	--	6,736	4,847	1,001	--	28,195
Christopher L. Cella	9,819	--	6,024	4,847	1,001	--	21,691

- ---------------

* Amounts shown are the market value on the date of award of a number of shares of Common Stock equal to the number of Phantom Shares awarded to the named officer (see ESOP Restoration Plan on page 11).

The following table sets forth information with respect to the exercisable value of unexercised Phantom Shares at July 31, 1997 (other than Phantom Shares under the ESOP Restoration Plan).

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ($)	NUMBER OF UNEXERCISED OPTIONS/SARS AT FISCAL YEAR-END (#)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT FISCAL YEAR-END ($)
			EXERCISABLE/ UNEXERCISABLE	EXERCISABLE/ UNEXERCISABLE
Lamar Norsworthy.....................	0	0	14,124/0	$366,341/$0
Jack P. Reid.........................	0	0	14,630/0	$$379,466/$0

Phantom Shares were granted to the named officers for past services and to compensate for the exclusion of the officers from the Employee Stock Ownership Plan ("ESOP") in the 1986-88 fiscal years. Phantom Shares are unsecured rights to cash payments based on the market value of such shares at future dates. Payments based on market value of Common Stock are generally due 40 days after termination of employment or the date of final distribution to the officer under the ESOP unless the officer elects to defer payments to future dates that may not be later than 60 days after the officer's death or permanent disability.

BONUS ARRANGEMENTS

The Company and its principal subsidiaries provide incentive bonuses for certain key personnel. Bonuses are based in part on the performance of the Company and in part on assessment of individual performance. See "Compensation Committee Report on Executive Compensation."

RETIREMENT PLAN

The Company has a noncontributory Retirement Plan for all permanent employees. The following table sets forth the estimated annual retirement benefits (subject to reduction for Social Security offsets) that would be payable in 1997 for certain salary ranges under the Retirement Plan and the retirement restoration plan described below:

PENSION PLAN TABLE

HIGHEST THREE-YEAR AVERAGE SALARY	YEARS OF CREDITED SERVICE AT NORMAL RETIREMENT					
	10	15	20	25	30	35
$150,000	$24,000	$36,000	$48,000	$60,000	$72,000	$84,000
200,000	32,000	48,000	64,000	80,000	96,000	112,000
250,000	40,000	60,000	80,000	100,000	120,000	140,000
300,000	48,000	72,000	96,000	120,000	144,000	168,000
350,000	56,000	84,000	112,000	140,000	168,000	196,000
400,000	64,000	96,000	128,000	160,000	192,000	224,000
450,000	72,000	108,000	144,000	180,000	216,000	252,000
500,000	80,000	120,000	160,000	200,000	240,000	280,000

The compensation covered by the Company's retirement plans is the salary paid to each employee, the amount of which is shown in the Summary Compensation Table on page 7 under the heading "Salary" for each executive listed therein. At July 31, 1997, Messrs. Norsworthy, Clifton, Reid, Gray, and Cella were credited with 24, 17, 38, 28 and 7 years of service, respectively. Under the Plan, subject to certain age and length-of-service requirements, employees upon normal retirement are entitled to a life annuity with yearly pension payments equal to 1.6% of average annual salary compensation during their highest compensated consecutive 36-month period of employment with the Company multiplied by total credited years of service, less 1.5% of primary Social Security benefits multiplied by such service years but not to exceed 45% of such benefits.

Benefits up to limits set by the Internal Revenue Code are funded by Company contributions to the Retirement Plan, with the amounts determined on an actuarial basis. The Internal Revenue Code currently limits benefits that may be covered by the Retirement Plan's assets to $120,000 per year (subject to increases for future years based on price level changes) and limits the compensation that may be taken into account in computing such benefits to $150,000 for the 1997 fiscal year (subject to certain upward adjustments for future years). Effective from the 1995 fiscal year, the Company has a retirement restoration plan that provides for additional payments from the Company so that total retirement plan benefits for executives will be maintained at the levels provided in the Retirement Plan before the application of the Internal Revenue Code limitations.

THRIFT AND STOCK OWNERSHIP PLANS

The Company has a Thrift Plan and an ESOP, which are qualified under the Internal Revenue Code, for eligible employees of the Company and its subsidiaries.

Employees with at least one year of service may elect to participate in the Thrift Plan by making contributions to the Plan of from 2% to 14% of their compensation. The Company matches employee contributions up to 4% of their compensation. In 1997, employee contributions which are made on a tax-deferred basis are limited to $9,500 per year. Employees may direct Company contributions to be invested in Common Stock. Company contributions vest upon the earlier of five years of credited service or termination of employment due to retirement, disability or death. Matching Company contributions for executive officers under the Thrift Plan have been included in the Summary Compensation Table under the column captioned "All Other Compensation."

All employees of the Company and eligible affiliates with at least one year of service, other than employees covered by collective bargaining agreements, participate in the ESOP established in 1985. Initially, the ESOP owned 1,500,000 shares of Common Stock. Commencing with the 1987 fiscal year, shares of Common Stock held by the ESOP have been allocated to the accounts of participants for each fiscal year on the basis of payments of principal on the ESOP's ten-year installment note issued to the Company in connection with the ESOP's purchase of Common Stock from the Company. Shares are allocated to participants based on their compensation. Participants' shares vest upon the earlier of five years' credited service or termination of employment due to retirement, disability or death. For the 1997 fiscal year, no shares of Common Stock held by the ESOP were allocated to participants since allocations after the 1996 fiscal year are effectively limited to allocations of forfeitures and there were no forfeitures for the 1997 fiscal year. The dividends received on unallocated shares of Common Stock held by the ESOP through the 1996 fiscal year are included in the Summary Compensation Table under the column captioned "All Other Compensation."

ESOP RESTORATION PLAN

The Company adopted an ESOP restoration plan to provide additional benefits to executives whose allocations of Company shares from the ESOP for the 1995 and 1996 fiscal years were reduced because of the application of Internal Revenue Code limitations. The plan provides for the grant to participants after the end of the 1995 and 1996 fiscal years of "phantom shares" equal in number to the number of shares not allocated to participants because of the Internal Revenue Code limitations. The phantom shares under the plan are unsecured rights to cash payments based on dividends paid on shares of Common Stock and on the market value of such shares at future dates. Payments based on market value of Common Stock will generally be made at the time of a participant's termination of employment or at the time of a final distribution to the participant

under the ESOP unless the participant elects to defer payments over a 10-year period. A total of 15,470 phantom shares were granted to participants for the 1995 and 1996 fiscal year. Phantom shares granted through July 31, 1997 to executive officers are as follows: 5,660 shares to Mr. Norsworthy, 1,340 to Mr. Clifton, 4,500 to Mr. Reid, 1,380 to Mr. Gray and 880 to Mr. Cella.

COMPENSATION OF DIRECTORS

Directors who are not employees of the Company or its subsidiaries are paid $12,000 per annum, plus $1,000 per day per attended meeting, other than conference telephone meetings, of the Board and per attended meeting of a committee of the Board that does not immediately precede or follow a Board meeting. Officers of the Company do not receive compensation for serving on the Board of Directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee of the Board of Directors during the 1997 fiscal year are listed below. None of the members of the Committee was an officer or employee of the Company or any of its subsidiaries during the 1997 fiscal year. The member of the Committee who in prior years was an officer of the Company or of a subsidiary is indicated below by (O).

Marcus R. Hickerson(O)	Thomas K. Matthews, II
A.J. Losee	Robert G. McKenzie

No executive officer of the Company served as a director or member of the compensation committee of another entity which had an executive officer serving as a member of the Company's Board of Directors or the Board's Compensation Committee.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board is responsible for the compensation programs for the executive officers of the Company. The Committee determines the compensation of officers who are also directors (other than any grants of stock options, which are subject to the jurisdiction of the Executive Stock Option Committee) and reviews overall compensation levels for the Company's other executive officers. There were five meetings of the Compensation Committee during the 1997 fiscal year.

The basic objective of the Company's compensation program for executives is to provide levels of compensation that allow the Company to attract and retain productive executives who are motivated to protect and enhance the long-term value of the Company for its shareholders. The Company seeks to establish and maintain levels of compensation that will be competitive with levels for comparable companies. Competitive compensation levels are estimated on the basis of available information on compensation paid by companies in the Company's industry that are most similar to the Company, taking into account the Company's size and place in the refining industry. Executive compensation programs are intended to reward each executive based on Company performance and individual performance and to balance appropriately short-term and long-term considerations.

For the 1997 fiscal year, the Company's major compensation programs for executives were salaries, annual bonuses, benefits under retirement and thrift plans, and benefits under the retirement restoration plan.

Salaries of executives are set at levels intended to be competitive with levels for comparable businesses. Salaries are reviewed and adjusted annually.

Bonuses are based in part on an evaluation of the performance of the Company and in part on assessments of individual performance. Because of the relative size of the Company in the refining industry and the susceptibility of the Company and the industry to unexpected changes in circumstances that can have major impacts -- positive or negative -- on performance, the Company's performance, as measured principally by net income, is evaluated by the Committee after the end of the fiscal year in light of the circumstances of the Company and the industry for the year completed. In this evaluation, particular consideration is given to the Company's handling during the year of the controllable elements affecting current and future results of operations and to the Company's performance for the year as compared to historical levels; the Committee also takes into account as appropriate any major differences between Company performance and the performance levels of other companies in the refining industry. In the case of Mr. Norsworthy, Mr. Clifton, Mr. Reid and Mr. Gray, Company performance is the predominant element in the determination of bonuses. In the case of bonuses for other executives, the relative importance of

individual performance and Company performance varies among executives depending on their responsibilities within the Company. Amounts of bonuses for different performance levels are intended to be competitive with bonus levels of comparable companies.

Compensation of Lamar Norsworthy, the Company's Chairman of the Board and Chief Executive Officer, is determined by the Committee under the principles described above. The Committee believes that Mr. Norsworthy's current salary level is at or slightly below a competitive level based on comparisons with other refining companies. Effective June 1, 1997, Mr. Norsworthy's annual salary was increased by approximately 3.5% to a level of $433,200 per year. Since Mr. Norsworthy has overall responsibility for the Company, Mr. Norsworthy's bonus is based primarily on evaluation of the performance of the Company for the last completed fiscal year. For the 1997 fiscal year, Mr. Norsworthy's bonus of $70,000 was approximately 16.6% of his salary for the year. This bonus level, which was one half of the bonus amount paid to Mr. Norsworthy with respect to the 1996 fiscal year, was determined on the basis of the Committee's evaluation of the overall performance of the Company for the 1997 fiscal year. In the Committee's view, the Company's performance for the 1997 fiscal year, although at least partly explainable in terms of adverse industry factors experienced during part of the year, was disappointing in terms of net income and total return to shareholders.

The Compensation Committee, after reviewing various alternative long-term incentive compensation programs for management of the Company, recently recommended to the Board of Directors that it consider a compensation program involving stock option grants for management under the existing Holly Corporation Stock Option Plan. The Board of Directors has recently approved this program, which is expected to be implemented in the 1998 fiscal year through grants of options as determined by the appropriate committees of the Board.

Compensation Committee of the Board of Directors

Thomas K. Matthews, II, Chairman	A.J. Losee
Marcus R. Hickerson	Robert G. McKenzie

The Compensation Committee Report on Executive Compensation will not be deemed incorporated by reference in any filing by the Company under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, except to the extent that the Company specifically incorporates such report by reference.

STOCK PERFORMANCE GRAPH

Set forth below is a line graph comparing, for the period of five fiscal years commencing July 31, 1992 and ending July 31, 1997, the yearly percentage change in the cumulative total shareholder return on the Company's Common Shares to the cumulative total return of the S&P Composite 500 Stock Index and of an industry peer group chosen by the Company.

COMPARISON OF FIVE-YEAR CUMULATIVE SHAREHOLDER RETURNS(1)

MEASUREMENT PERIOD (FISCAL YEAR COVERED)	HOLLY CORPORATION	S&P 500	INDUSTRY PEER GROUP(2)
JULY 1992	100	100	100
JULY 1993	110.97	108.73	114.77
JULY 1994	119.73	114.34	130.22
JULY 1995	96.58	144.19	139.94
JULY 1996	113.00	168.08	148.51
JULY 1997	115.00	255.72	235.93

(1) The amounts shown assume that the value of the investment in the Company and each index was $100 on July 31, 1992 and that all dividends were reinvested.

(2) The peer group, as chosen by the Company, includes companies that are similar to the Company in regards to refining operations. This group is made up of Ashland Oil, Inc., Crown Central Petroleum Corporation, Diamond Shamrock, Inc., Getty Petroleum Corporation, Giant Industries, Inc., Sun Company, Inc., Tesoro Petroleum Corp., Tosco Corporation, Total Petroleum (North America) Ltd., Ultramar Corporation, Ultramar Diamond Shamrock Corporation and Valero Energy Corporation. It should be noted that almost all of the peer group companies are also engaged in retail gasoline marketing in addition to their refining activities and are engaged in oil and gas exploration and production to a greater extent than is the Company; in addition, most of the peer companies are substantially larger than the Company in terms of assets and sales.

The stock price performance depicted in the foregoing graph is not necessarily indicative of future price performance. The graph will not be deemed to be incorporated by reference in any filing by the Company under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates such graph by reference.

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors of the Company has selected Ernst & Young LLP, independent certified public accountants, to audit the books, records and accounts of the Company and its consolidated subsidiaries for the 1998 fiscal year. Ernst & Young LLP has conducted such audits since 1977. It is expected that a representative of such firm will be present in person or by conference telephone at the stockholders' meeting, will have an opportunity to make a statement if the representative so desires, and will be available to respond to appropriate questions.

STOCKHOLDER PROPOSALS

Proposals of stockholders to be considered for presentation at the Company's 1998 Annual Meeting should be received by the Company by July 6, 1998, in order to be considered for inclusion in the proxy statement for that meeting.

FINANCIAL STATEMENTS AVAILABLE

A copy of the Company's 1997 Annual Report containing the audited consolidated balance sheets at July 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three fiscal years ended July 31, 1997, is being mailed with this Proxy Statement to shareholders entitled to notice of the Annual Meeting. The Annual Report does not constitute a part of the proxy solicitation material.

HENRY A. TEICHHOLZ
Vice President, Treasurer and
Controller

November 3, 1997

HOLLY CORPORATION

PROXY FOR ANNUAL MEETING OF STOCKHOLDERS - DECEMBER 11, 1997

P
R
O
X
Y

SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

Lamar Norsworthy, Gerald L. Regard and Jack P. Reid, or any of them or their substitutes, are hereby appointed proxies to represent and to vote the stock of Holly Corporation standing in the name(s) of the undersigned at the Annual Meeting of Stockholders to be held in Artesia, New Mexico on December 11, 1997, and at all adjournments thereof.

TO VOTE IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS YOU DO NOT NEED TO MARK ANY OF THE BOXES. JUST DATE AND SIGN ON THE REVERSE SIDE.

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

SEE REVERSE SIDE

/ X / Please mark votes as in this example.

This proxy when properly executed will be voted as directed. If no direction is given, it will be voted FOR the election of all nominees as directors and in the discretion of those authorized to vote this proxy on any other business.

1. Election of Directors:

NOMINEES: M.P. Clifton, W.J. Gray, M.R. Hickerson, A.J. Losee, T.K. Matthews, R.G. McKenzie, L. Norsworthy and J.P. Reid

FOR / / WITHHELD / /

/ /

2. Other Business - Voting upon any other business properly before the meeting or any adjournment thereof.

Receipt of the Company's Annual Report for its 1997 fiscal year, Notice of the Annual Meeting and related Proxy Statement is hereby acknowledged, and all former proxies are hereby revoked.

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT / /

For all nominees except as noted above

Please sign below exactly as name(s) appear(s) hereon. Joint tenants should both sign. Executors, administrators, trustees or guardians should show their capacity as such. Corporations should sign by President or other authorized officer.

Signature: _____________________________ Date: ____________

Signature: _____________________________ Date: __________