

UNITED REFINING COMPANY ANNOUNCES FIRST QUARTER 2010 OPERATING RESULTS

Warren, PA. January 14/PRNewswire/--United Refining Company, a leading regional refiner and marketer of petroleum products announces operating results for the first fiscal quarter ended November 30, 2009.

Net sales for the three months ended November 30, 2009 and November 30, 2008 were \$620.9 million and \$770.5 million, respectively. This was a decrease of \$149.6 million or 19.4% from the comparable quarter for the prior year. Decreases in net sales for the quarter were due primarily to decreases in retail and wholesale selling prices of petroleum products which generally reflect the decline in worldwide petroleum prices during this period.

Operating loss for the three months ended November 30, 2009 was \$23.7 million, a decrease of \$38.7 million from operating income of \$15.0 million for the quarter ended November 30, 2008. The operating loss for the current reporting period was primarily the result of declining prices for crude and petroleum products and resulting reduced crack spreads throughout the refining sector.

Net loss for the three months ended November 30, 2009 was \$19.3 million, a decrease of \$22.4 million from net income of \$3.1 million for the quarter ended November 30, 2008.

The liquidity position of the Company remains strong. As of November 30, 2009, the Company's working capital was \$209.5 million and the current ratio was 2.8. At November 30th there was \$113.6 million unused availability on our Bank Revolving Credit facility.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the three months ended November 30, 2009 decreased \$39.4 million to \$(18.5) million from \$20.9 million for the three months ended November 30, 2008. United Refining Company uses the term EBITDA or Earnings Before Interest, Income Taxes, Depreciation and Amortization, which is a term not defined under United States Generally Accepted Accounting Principles. The Company uses this term because it is a widely accepted financial indicator utilized to analyze and compare companies on the basis of operating performance and is used to calculate certain debt coverage ratios included in several of the Company's debt agreements. See reconciliation of EBITDA to net income in footnote (1) in table set forth below. The reconciliation of EBITDA also includes a Pro Forma adjustment for LIFO to calculate Adjusted EBITDA. The Company's method of computation of EBITDA may or may not be comparable to other similarly titled measures used by other companies.

UNITED REFINING COMPANY

(dollars in thousands)

	Three Months Ended	
	November 30,	November 30,
	<u>2009</u>	<u>2008</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net Sales	\$620,926	\$770,471
Operating (loss) Income	\$ (23,654)	\$ 15,031
Net (loss) Income	\$ (19,310)	\$ 3,135
EBITDA (1)	\$ (18,489)	\$ 20,927

(1) EBITDA Reconciliation:

UNITED REFINING COMPANY – (Unaudited)

(dollars in thousands)

	Three Months Ended	
	November 30,	November 30,
	<u>2009</u>	<u>2008</u>
	(Unaudited)	(Unaudited)
Net (loss) Income	\$ (19,310)	\$ 3,135
Interest Expense	8,469	9,412
Income Tax (Benefit) Expense	(13,417)	2,342
Depreciation	4,217	4,119
Amortization	<u>1,552</u>	<u>1,919</u>
EBITDA	\$ (18,489)	\$ 20,927

United operates a 70,000 bpd refinery in Warren, Pennsylvania. In addition to its wholesale markets, the Company also operates 367 Kwik Fill® / Red Apple® and Country Fair® retail gasoline and convenience stores located primarily in western New York and western Pennsylvania.

Certain statements contained in this release are forward looking, such as statements regarding the Company's plans and strategies or future financial performance. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge, investors and prospective investors are cautioned that such statements are only projections and that actual events or results may differ materially from those expressed in any such forward-looking statements. In addition, the Company's actual consolidated quarterly or annual operating results have been affected in the past, or could be affected in the future, by additional factors, including, without limitation, general economic, business and market conditions; environmental, tax and tobacco legislation or regulation; volatility of gasoline prices,

margins and supplies; merchandising margins; customer traffic, weather conditions; labor costs and the level of capital expenditures.

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