STANDARD MOTOR PRODUCTS INC
Form 10-Q
November 09, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.

COMMISSION FILE NUMBER: 1-4743

STANDARD MOTOR PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

NEW YORK	11-1362020
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
37-18 NORTHERN BLVD., LONG ISLAND CITY, N.Y.	11101
(Address of principal executive offices)	(Zip Code)

(718) 392-0200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes |X| No |_|

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer |_| Accelerated Filer |X| Non-Accelerated Filer |_|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes |_| No |X|

As of the close of business on October 31, 2006, there were 18,570,873 outstanding shares of the registrant's Common Stock, par value $2.00 per share.

STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

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ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

September 30, 2006 D

		(Unaudited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	15,019
Accounts receivable, less allowance for discounts and doubtful accounts of $10,074 and $9,574 for 2006 and 2005, respectively		231,672
Inventories		228,098
Deferred income taxes		14,287
Prepaid expenses and other current assets		9,511
Total current assets		498,587
Property, plant and equipment, net		81,326
Goodwill and other intangibles, net		56,787
Other assets		35,096
Total assets	$	671,796
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$	157,497
Current portion of long-term debt		542
Accounts payable		55,414
Sundry payables and accrued expenses		24,656
Accrued customer returns		30,869
Restructuring accrual		861
Accrued rebates		21,059
Payroll and commissions		18,115
Total current liabilities		309,013
Long-term debt		98,127
Post-retirement medical benefits and other accrued liabilities		47,442
Restructuring accrual		418
Accrued asbestos liabilities		20,903
Total liabilities		475,903
Commitments and contingencies		
Stockholders' equity:		
Common stock - par value $2.00 per share: Authorized - 30,000,000 shares; issued 20,486,036 shares		40,972
Capital in excess of par value		57,325
Retained earnings		115,959
Accumulated other comprehensive income		6,148
Treasury stock - at cost 2,179,854 and 2,315,645 shares in 2006 and 2005, respectively		(24,511)
Total stockholders' equity		195,893
Total liabilities and stockholders' equity	$	671,796

See accompanying notes to consolidated financial statements.

STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months September
	2006	2005	2006
	(Unaudited)		(Unaudit
Net sales	$ 203,755	$ 224,438	$ 643,005
Cost of sales	154,423	175,301	483,736
Gross profit	49,332	49,137	159,269
Selling, general and administrative expenses	40,039	39,134	126,822
Restructuring expenses	598	218	828
Operating income	8,695	9,785	31,619
Other income, net	820	67	1,980
Interest expense	5,118	4,552	14,826
Earnings from continuing operations before taxes	4,397	5,300	18,773
Provision for income tax	1,814	1,137	8,137
Earnings from continuing operations	2,583	4,163	10,636
Income (loss) from discontinued operation	1,656	(449)	603
Net earnings	4,239	3,714	11,239
Retained earnings at beginning of period	113,368	115,694	109,649
	117,607	119,408	120,888
Less: cash dividends for period	1,648	1,760	4,929
Retained earnings at end of period	$ 115,959	$ 117,648	$ 115,959
PER SHARE DATA:			
Net earnings per common share - Basic:			
Earnings from continuing operations	$ 0.14	$ 0.21	$ 0.58
Discontinued operation	0.09	(0.02)	0.03
Net earnings per common share - Basic	$ 0.23	$ 0.19	$ 0.61
Net earnings per common share - Diluted:			
Earnings from continuing operations	$ 0.14	$ 0.21	$ 0.58
Discontinued operation	0.09	(0.02)	0.03
Net earnings per common share - Diluted	$ 0.23	$ 0.19	$ 0.61
Average number of common shares	18,306,178	19,547,319	18,265,784
Average number of common shares and dilutive common shares	18,371,435	19,577,972	18,297,979

See accompanying notes to consolidated financial statements.

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STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30, 2006	200
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 11,239	$
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,016	1
Increase in allowance for doubtful accounts	176	
Increase in inventory reserves	3,617	
Loss on disposal of property, plant and equipment	2	
Equity income from joint ventures	(865)	
Employee stock ownership plan allocation	893	
Stock-based compensation	695	
Increase in tax valuation allowance	--	
Decrease (increase) in deferred income taxes	6,931	(
(Income) loss from discontinued operation	(603)	
Change in assets and liabilities:		
Increase in accounts receivable	(55,554)	(11
Decrease in inventories	11,582	1
Increase in prepaid expenses and other current assets	(589)	(
Decrease in other assets	2,781	
Increase in accounts payable	8,193	
Decrease in sundry payables and accrued expenses	(2,768)	(
Decrease in restructuring accrual	(902)	(
Increase in other liabilities	12,153	1
Net cash provided by (used in) operating activities	8,997	(6
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of property, plant and equipment	14	
Capital expenditures	(7,664)	(
Net cash used in investing activities	(7,650)	(
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under line-of-credit agreements	8,261	7
Principal payments and retirement of long-term debt	(422)	
(Decrease) increase in overdraft balances	(5,314)	
Dividends paid	(4,929)	(
Net cash (used in) provided by financing activities	(2,404)	6
Effect of exchange rate changes on cash	2,030	
Net increase (decrease) in cash and cash equivalents	973	(
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	14,046	1

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 15,019	$ 1
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ 16,169	$ 1
Income taxes	$ 2,855	$
Non-cash financing activity:		
Reduction of restructuring accrual applied against goodwill	$ 10,453	$

See accompanying notes to consolidated financial statements.

STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)

THREE MONTHS ENDED SEPTEMBER 30, 2006
(Unaudited)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income
Balance at June 30, 2006	$ 40,972	$ 57,176	$113,368	$ 5,609
Comprehensive income:				
Net income			4,239	
Foreign currency translation adjustment				724
Unrealized loss on interest rate swap agreements, net of tax				(110)
Minimum pension liability adjustment				(75)
Total comprehensive income				
Cash dividends paid			(1,648)	
Employee stock compensation		149		
Employee Stock Ownership Plan		--		
Balance at September 30, 2006	$ 40,972	$ 57,325	$115,959	$ 6,148

NINE MONTHS ENDED SEPTEMBER 30, 2006
(Unaudited)

	Common	Capital in Excess of	Retained	Accumulated Other Comprehensive

	Stock	Par Value	Earnings	Income
Balance at December 31, 2005	$ 40,972	$ 56,966	$109,649	$ 4,158
Comprehensive income:				
Net income			11,239	
Foreign currency translation adjustment				2,412
Unrealized loss on interest rate swap agreements, net of tax				(262)
Minimum pension liability adjustment				(160)
Total comprehensive income				
Cash dividends paid			(4,929)	
Employee stock compensation		501		
Employee Stock Ownership Plan		(142)		
Balance at September 30, 2006	$ 40,972	$ 57,325	$115,959	$ 6,148

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STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

Standard Motor Products, Inc. (referred to hereinafter in these notes to consolidated financial statements as the "Company," "we," "us," or "our") is engaged in the manufacture and distribution of replacement parts for motor vehicles in the automotive aftermarket industry.

The accompanying unaudited financial information should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2005.

The unaudited consolidated financial statements include our accounts and all domestic and international companies in which we have more than a 50% equity ownership. Our investments in unconsolidated affiliates are accounted for on the equity method. All significant inter-company items have been eliminated.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the interim periods are not necessarily indicative of the results of operations for the entire year.

Where appropriate, certain amounts in 2005 have been reclassified to conform with the 2006 presentation.

NOTE 2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

SHARE-BASED PAYMENT

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"). SFAS 123R requires that stock-based employee compensation be recorded as a charge to earnings. SFAS 123R is effective for interim and annual financial statements for years beginning after December 15, 2005 and applies to all outstanding and unvested share-based payments at the time of adoption. Accordingly, we have adopted SFAS 123R commencing January 1, 2006 using a modified prospective application, as permitted by SFAS 123R. Accordingly, prior period amounts have not been restated. Under this application, we are required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption.

Prior to the adoption of SFAS 123R, we applied Accounting Principles Board Opinions ("APB") No. 25 and related interpretations to account for our stock plans resulting in the use of the intrinsic value to value the stock. Under APB 25, we were not required to recognize compensation expense for the cost of stock options. In accordance with the adoption of SFAS 123R, we recorded stock-based compensation expense for the cost of incentive stock options, restricted stock and performance-based stock granted under our stock plans. Stock-based compensation expense for the third quarter of 2006 was $149,100 ($91,600 net of tax) or $0.01 per basic and diluted share and $559,500 ($343,800 net of tax) or $0.02 per basic and diluted share for the nine months ended September 30, 2006. The adoption of SFAS 123R did not have a material impact on our financial position, results of operation or cash flows.

ACCOUNTING FOR UNCERTAIN TAX POSITIONS

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Only tax positions meeting the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption of this Interpretation. FIN 48 also provides guidance on accounting for derecognition, interest and penalties, and classification and disclosure of matters related to uncertainty in income taxes. FIN 48 is effective for fiscal years beginning after December 15, 2006 and, as a result, is effective for our Company beginning January 1, 2007. FIN 48 will require adjustment to the opening balance of retained earnings (or other components of shareholders' equity in the statement of financial position) for the cumulative effect of the difference in the net amount of assets and liabilities for all open tax positions at the effective date. Management is currently assessing the impact, if any, which the adoption of FIN 48 will have on our consolidated financial position, results of operations and cash flows.

FAIR VALUE MEASUREMENTS

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurement. This statement applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS 157 is effective for the fiscal year beginning after November 15, 2007, which for the Company is the year ending December 31, 2007. Management is currently assessing the impact, if any, which the adoption of SFAS 157 will have on our consolidated financial position, results of operations and cash flows.

ACCOUNTING FOR DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)." SFAS 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit pension or postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through accumulated other comprehensive income in shareholders' equity. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The Company will be required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006, which for the Company will be the year ending December 31, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008 or for the Company's year ending December 31, 2008. Management estimates the impact of adopting SFAS 158 will not result in a material change to its total liabilities or shareholders' equity.

QUANTIFYING MISSTATEMENTS IN CURRENT YEAR FINANCIAL STATEMENTS

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides interpretive guidance on how the effects of prior-year uncorrected misstatements should be considered when quantifying misstatements in the current year financial statements. SAB 108 requires registrants to quantify misstatements using both an income statement ("rollover") and balance sheet ("iron curtain") approach and evaluate whether either approach results in a misstatement that, when all relevant quantitative and qualitative factors are

considered, is material. If prior year errors that had been previously considered immaterial now are considered material based on either approach, no restatement is required so long as management properly applied its previous approach and all relevant facts and circumstances were considered. If prior years are not restated, the cumulative effect adjustment is recorded in opening accumulated earnings (deficit) as of the beginning of the fiscal year of adoption. SAB 108 is effective for fiscal years ending on or after November 15, 2006, which for the Company is the year ending December 31, 2006. Management is currently assessing the impact, if any, which the adoption of SAB 108 will have on our consolidated financial position, results of operations and cash flows.

NOTE 3. RESTRUCTURING AND INTEGRATION COSTS

RESTRUCTURING COSTS

In connection with our acquisition of substantially all of the assets and the assumption of substantially all of the operating liabilities of Dana Corporation's Engine Management Group ("DEM") on June 30, 2003, we have reviewed our operations and implemented integration plans to restructure the operations of DEM. At the time, we announced that we would close seven DEM facilities, which has subsequently occurred. As part of the integration and restructuring plans, we accrued an initial restructuring liability of approximately $34.7 million at June 30, 2003. Such amounts were recognized as liabilities assumed in the acquisition and included in the allocation of the cost to acquire DEM. Accordingly, such amounts resulted in additional goodwill being recorded in connection with the acquisition. Subsequent to the acquisition, our estimate of the restructuring liability was updated and revised downward at various points in time, with a cumulative reduction to goodwill of $12.6 million as of September 30, 2006. The remaining restructuring accrual was $1.3 million as of September 30, 2006. We expect to pay most of this remaining amount in 2006 and 2007.

Of the initial restructuring accrual, approximately $15.7 million related to work force reductions and represented employee termination benefits. The accrual amount primarily provides for severance costs relating to the involuntary termination of employees, individually employed throughout DEM's facilities across a broad range of functions, including managerial, professional, clerical, manufacturing and factory positions. During the year ended December 31, 2005 and the nine months ended September 30, 2006, termination benefits of $2.3 million and $0.1 million, respectively, have been charged to the restructuring accrual. As of September 30, 2006, the reserve balance for workforce reductions was at $0.7 million.

The initial restructuring accrual also included approximately $18 million consisting of the net present value of costs associated with exiting certain activities, primarily related to lease and contract termination costs, which will not have future benefits. Specifically, our plans were to consolidate certain of DEM operations into our existing plants. At December 31, 2005, we had a sublease commitment for one facility with Dana through 2021. However, on March 3, 2006, Dana filed a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code. Pursuant to a court ruling in connection with Dana's Chapter 11 bankruptcy proceedings, effective March 31, 2006, we were released from, and no longer have any obligations with respect to, such lease commitment for the facility. We have accounted for the termination of such lease commitment as a reduction of $10.5 million in our restructuring accrual, with a corresponding reduction to goodwill established on the acquisition of DEM. In addition to the above reduction, exit costs of $0.8 million were paid as of September 30, 2006, leaving the exit reserve balance for exit costs at $0.6 million as of September 30, 2006.

Selected information relating to the restructuring costs included in the allocation of the cost to acquire DEM is as follows (in thousands):

	Workforce Reduction	Other Exit Costs	Total

Restructuring liability at December 31, 2005	$ 809	$ 11,825	$ 12,634
Cash payments during first nine months of 2006	(144)	(758)	(902)
Adjustments during first nine months of 2006	--	(10,453)	(10,453)
Restructuring liability as of September 30, 2006	$ 665	$ 614	$ 1,279

INTEGRATION EXPENSES

During the third quarter of 2006 and 2005, we incurred integration expenses of approximately $0.6 million and $0.2 million, respectively. For the nine months ended September 30, 2006 and 2005, we incurred integration expenses of $0.8 million and $4.6 million, respectively. The 2006 amount primarily relates to the cost of moving our European production operations and the divestiture of a production unit of our Temperature Control Segment. In the second quarter of 2005, the Company effected an asset write-down for the outsourcing of some of its Temperature Control product lines resulting in a $3.5 million integration expense. The remainder of the 2005 costs are primarily due to the DEM integration.

NOTE 4. INVENTORIES

	September 30, 2006 (in thousands)	December 31, 2005
Finished goods, net	$ 163,051	$ 182,567
Work in process, net	4,703	4,235
Raw materials, net	60,344	56,495
Total inventories, net	$ 228,098	$ 243,297

NOTE 5. CREDIT FACILITIES AND LONG-TERM DEBT

Total debt consists of (in thousands):

	September 30, 2006	December 31, 2005
Current		
Revolving credit facilities (1)	$ 157,497	$ 149,236
Current portion of mortgage loan	542	542
	158,039	149,778
Long-term Debt		
6.75% convertible subordinated debentures	90,000	90,000
Mortgage loan	8,543	8,912
Other	126	179
Less: current portion of long-term debt	542	542
	98,127	98,549
Total debt	$ 256,166	$ 248,327

(1) Consists of the revolving credit facility, the Canadian term loan and the European revolving credit facility.

STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-(CONTINUED)

Maturities of long-term debt during the five years ending December 31, 2006 through 2010 are $0.5 million, $0.5 million, $0.5 million, $90.5 million and $0.6 million, respectively.

The Company had deferred financing costs of $4.5 million and $3.3 million as of December 31, 2005 and September 30, 2006, respectively. These costs related to the Company's revolving credit facility, the convertible subordinated debentures and a mortgage loan agreement, and these costs are being amortized over three to thirteen years.

REVOLVING CREDIT FACILITY

We are parties to an agreement with General Electric Capital Corporation, as agent, and a syndicate of lenders for a secured revolving credit facility. The term of the credit agreement is through 2008 and provides for a line of credit up to $305 million. Availability under our revolving credit facility is based on a formula of eligible accounts receivable, eligible inventory and eligible fixed assets. After taking into account outstanding borrowings under the revolving credit facility, there was an additional $68.8 million available for us to borrow pursuant to the formula at September 30, 2006. Our credit agreement also permits dividends and distributions by us provided specific conditions are met.

At December 31, 2005 and September 30, 2006, the interest rate on the Company's revolving credit facility was 6.7% and 7.6%, respectively. Direct borrowings under our revolving credit facility bear interest at the prime rate plus the applicable margin (as defined) or, at our option, the LIBOR rate plus the applicable margin (as defined). Outstanding borrowings under the revolving credit facility (inclusive of the Canadian term loan described below), which are classified as current liabilities, were $142.3 million and $149.2 million at December 31, 2005 and September 30, 2006, respectively. The Company maintains cash management systems in compliance with its credit agreements. Such systems require the establishment of lock boxes linked to blocked accounts whereby cash receipts are channeled to various banks to insure pay-down of debt. Agreements also classify such accounts and the cash therein as additional security for loans and other obligations to the credit providers. Borrowings are collateralized by substantially all of our assets, including accounts receivable, inventory and fixed assets, and those of certain of our subsidiaries. The terms of our revolving credit facility provide for, among other provisions, financial covenants requiring us, on a consolidated basis, (1) to maintain specified levels of fixed charge coverage at the end of each fiscal quarter (rolling twelve months) through 2008, and (2) to limit capital expenditure levels for each fiscal year through 2008. The terms of our revolving credit facility also provide, among other things, for the prohibition of accepting drafts under our customer draft programs after November 18, 2005.

CANADIAN TERM LOAN

In December 2005, our Canadian subsidiary entered into a credit agreement with GE Canada Finance Holding Company, for itself and as agent for the lenders, and GECC Capital Markets, Inc., as lead arranger and book runner. The credit agreement provides for, among other things, a $7 million term loan, which term loan is guaranteed and secured by us and certain of our wholly-owned subsidiaries and which term loan is coterminous with the term of our revolving credit facility. The $7 million term loan is part of the $305 million available for borrowing under our revolving credit facility.

REVOLVING CREDIT FACILITY--EUROPE

Our European subsidiary has a revolving credit facility, which provides for a line of credit of up to $8.5 million. The amount of short-term bank borrowings outstanding under this facility was $7 million and $8.3 million at December 31, 2005 and September 30, 2006, respectively. The weighted average interest rates on these borrowings at December 31, 2005 and September 30, 2006 were 6.5% and 5.9%, respectively. At September 30, 2006, there was an additional $0.2 million available for our European subsidiary to borrow.

SUBORDINATED DEBENTURES

In July 1999, we completed a public offering of convertible subordinated debentures amounting to $90 million. The convertible debentures carry an interest rate of 6.75%, payable semi-annually, and will mature in July 2009. The convertible debentures are convertible into 2,796,120 shares of our common stock at the option of the holder. We may, at our option, redeem some or all of the convertible debentures at any time on or after July 15, 2004, for a redemption price equal to the issuance price plus accrued interest. In addition, if a change in control, as defined in the agreement, occurs at the Company, we will be required to make an offer to purchase the convertible debentures at a purchase price equal to 101% of their aggregate principal amount, plus accrued interest. The convertible debentures are subordinated in right of payment to all of the Company's existing and future senior indebtedness.

MORTGAGE LOAN AGREEMENT

In June 2003, we borrowed $10 million under a mortgage loan agreement. The loan is payable in monthly installments. The loan bears interest at a fixed rate of 5.50% maturing in July 2018. The mortgage loan is secured by a building and related property.

NOTE 6. COMPREHENSIVE INCOME

Comprehensive income, net of income tax expense is as follows (in thousands):

	Three Months Ended September 30,		Nine Months End[ed] September 30,	
	2006	2005	2006	2
Net income as reported	$ 4,239	$ 3,714	$ 11,239	$
Foreign currency translation adjustment	724	1,056	2,412	
Minimum pension liability adjustment	(75)	56	(160)	
Unrealized (loss) gain on interest rate swap agreements, net of tax	(110)	44	(262)	
Total comprehensive income	$ 4,778	$ 4,870	$ 13,229	$

NOTE 7. STOCK-BASED COMPENSATION PLANS

We have five stock-based compensation plans. Under the 1994 Omnibus Stock Option Plan, as amended, which terminated as of May 25, 2004, we were authorized to issue options to purchase 1,500,000 shares. The options become exercisable over a three to five year period and expire at the end of five years following the date they become exercisable. Under the 2004 Omnibus Stock Plan, which terminates as of May 20, 2014, we were authorized to issue options to purchase 500,000 shares. The options become exercisable over a three to five year period and expire at the end of ten years following the date of grant. Under the 1996 Independent Directors' Stock Option Plan and the 2004 Independent Directors' Stock Option Plan, we were authorized to issue options to purchase 50,000 shares under each plan. The options become exercisable one year after the date of grant and expire at the end of ten years following the date of grant. Under the 2006 Omnibus Incentive Plan, which was approved by our shareholders in May 2006, we are authorized to issue equity awards of up to 700,000 shares. Equity awards forfeited under the previous stock option plans and incentive plan are eligible to be granted again under the 2006 Omnibus Incentive Plan with respect to the equity awards so forfeited. At September 30, 2006, under our stock option plans, there were an aggregate of (a) 1,103,986 shares of common stock authorized for grants, (b) 1,059,311 shares of common stock granted, and (c) no shares of common stock available for future grants. At September 30, 2006, under our 2006 Omnibus Incentive Plan, there were an aggregate of (a) 700,000 shares of common stock authorized for grants, (b) 95,225 shares of common stock granted, and (c) 604,775 shares of common stock available for future grants.

Effective January 1, 2006, we adopted SFAS 123R, "Share-Based Payment," which prescribes the accounting for equity instruments exchanged for employee and director services. Under SFAS 123R, stock-based compensation cost is measured at the grant date, based on the calculated fair value of the grant, and is recognized as an expense over the service period applicable to the grantee. The service period is the period of time that the grantee must provide services to us before the stock-based compensation is fully vested. In March 2005, the SEC issued Staff Accounting Bulletin ("SAB") No. 107, "Share-Based Payment," relating to SFAS 123R. We have followed the SEC's guidance in SAB 107 in our adoption of SFAS 123R.

Prior to January 1, 2006, we accounted for stock-based compensation to employees and directors in accordance with the intrinsic value method under APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Under the intrinsic value method, no compensation expense was recognized in our financial statements for the stock-based compensation, because the stock-based compensation that we granted was incentive stock options and all of the stock options granted had exercise prices equivalent to the fair market value of our common stock on the grant date. We also followed the disclosure requirements of SFAS 123, "Accounting for Stock-Based Compensation," as amended, "Accounting for Stock-Based Compensation--Transition and Disclosure".

We adopted SFAS 123R using the modified prospective transition method. Under this transition method, the financial statement amounts for the periods before 2006 have not been restated to reflect the fair value method of expensing the stock-based compensation. The compensation expense recognized on or after January 1, 2006 includes the compensation cost based on the grant-date fair value estimated in accordance with: (a) SFAS 123 for all stock-based compensation that was granted prior to, but vested on or after, January 1, 2006; and (b) SFAS 123R for all stock-based compensation that was granted on or after January 1, 2006. Stock-based compensation expense for the third quarter of 2006 was $149,100 ($91,600 net of tax) or $0.01 per basic and diluted share and $559,500 ($343,800 net of tax) or $0.02 per basic and diluted share for the nine months ended September 30, 2006.

Had we determined compensation cost based on the fair value at the grant date for our pre-2006 stock option grants, our pro forma net income and net income per common share would have been as follows (in thousands, except per share data):

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Net earnings as reported	$ 3,714	$ 2,695
Less: Stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	183	495
Pro forma net earnings	$ 3,531	$ 2,200
Earnings per share:		
Basic - as reported	$ 0.19	$ 0.14
Basic - pro forma	$ 0.18	$ 0.11
Diluted - as reported	$ 0.19	$ 0.14
Diluted - pro forma	$ 0.18	$ 0.11

Stock Option Grants

There were no stock options granted in the nine months ended September 30, 2006 and options to purchase 280,500 shares of common stock were granted in the nine months ended September 30, 2005. Accordingly, we have recognized compensation expense for prior years' grants which vest after January 1, 2006 based on the grant-date fair value, estimated in accordance with SFAS 123 which was used in our prior pro forma disclosure. Further, the current quarter's expense reflects our estimate of expected forfeitures which we determine to be immaterial, based on history and remaining time until vesting of the remaining options.

The stock options granted prior to 2006 have been vesting gradually at annual intervals. In our prior period SFAS 123 pro forma disclosures, our policy was to calculate the compensation expense related to the stock-based compensation granted to employees and directors on a straight-line basis over the full vesting period of the grants.

Prior to this year, we provided pro forma net income and net income per common share disclosures for stock option grants based on the fair value of the options at the grant date. For purposes of presenting pro forma information, the fair value of options granted is computed using the Black Scholes option pricing model with the following assumptions applicable to each remaining unvested annual grant:

Year of Grant:	2005	2004	2003
Expected option life....................	3.85	3.85	3.86
Expected stock volatility...............	39.05%	38.57%	39.16%
Expected dividend yield.................	3.3%	2.7%	2.6%
Risk-free rate..........................	4.00%	3.64%	2.76%

The expected term of the options is based on evaluations of historical and expected future employee exercise behavior. The risk-free interest rate is based on the US Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based on historical volatility of the Company's common stock.

The following is a summary of the changes in outstanding stock options for the nine months ended September 30, 2006:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)
Outstanding at beginning of year..........................	1,249,226	$ 14.42	5.2
Expired............................	180,665	$ 20.43	0
Forfeited..........................	9,250	$ 12.70	6.4
Outstanding at end of Quarter..........................	1,059,311	$ 13.40	5.3
Options exercisable at end of quarter.......................	928,186	$ 13.66	4.8

The aggregate intrinsic value of outstanding stock options was $0.5 million, of which $0.4 million relates to options that are exercisable.

The following is a summary of the changes in non-vested stock options for the nine months ended September 30, 2006:

	Shares	Weighted Average Grant Date Fair Value
Non-vested shares at January 1, 2006	494,426	$ 3.04
Forfeitures......................................	3,625	$ 2.87
Vested...	359,676	$ 3.16
Non-vested shares at September 30, 2006..........	131,125	$ 2.72

Stock option-based compensation expense was $89,200 ($54,800 net of tax) for the third quarter of 2006 and $461,400 ($283,300 net of tax) for the nine months ended September 30, 2006. As of September 30, 2006, we have $178,300 of total unrecognized compensation cost related to non-vested stock options granted under our various option-based plans, which we expect to recognize over a weighted-average period of 0.5 years. No stock options were exercised during the nine months ended September 30, 2006.

Restricted and Performance Stock Grants

Under our 2006 Omnibus Incentive Plan, the Company is authorized to issue, among other things, shares of restricted and performance-based stock to eligible employees and directors. Prior to the time a restricted share becomes fully vested or a performance share is issued, the awardee cannot transfer, pledge, hypothecate or encumber such shares. Prior to the time a restricted share is fully vested, the awardee has all other rights of a stockholder, including the right to vote (but not receive dividends during the vesting period). Prior to the time a performance share is issued, the awardee shall have no rights as a stockholder. Restricted shares become fully vested upon the third and first anniversary of the date of grant for employees and directors, respectively. Performance-based shares are subject to a three year measuring period and the achievement of Company performance targets and, depending upon the achievement of such performance targets, then may become vested on the third anniversary of the date of grant. Management believes it is probable that the performance targets will be achieved.

All shares and rights are subject to forfeiture if certain employment conditions are not met. Under the plan, 700,000 shares are authorized to be issued. For the third quarter ended September 30, 2006, 7,900 restricted and performance-based shares were granted (4,150 restricted shares and 3,750 performance-based shares). For the nine months ended September 30, 2006, 95,225 restricted and performance-based shares were granted (67,725 restricted shares and 27,500 performance-based shares). In determining the grant date fair value for U.S. GAAP purposes, the stock price on the date of grant, as quoted on the New York Stock Exchange, was reduced by the present value of dividends expected to be paid on the shares issued and outstanding during the requisite service period, discounted at a risk-free interest rate. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the restriction or vesting period at the grant date. The fair value of the shares at the date of grant is amortized to expense ratably over the restriction period. For the quarter ended September 30, 2006, forfeitures are estimated at 2% for employees and 0% for executives and directors, respectively, based on evaluations of historical and expected future turnover.

The Company recorded compensation expense related to restricted shares and performance-based shares of $59,900 ($36,800 net of tax) and $0 for the quarter ended September 30, 2006 and 2005, respectively, and $98,100 ($60,200 net of tax) and $0 for the nine months ended September 30, 2006 and 2005, respectively. The unamortized compensation expense related to the Company's restricted and performance-based shares was $575,900 at September 30, 2006 and is expected to be recognized over a weighted average period of 2.6 and 0.6 years for employees and directors, respectively.

The Company's restricted and performance-based share activity was as follows for the nine months ended September 30, 2006:

	Shares	Weighted Average Grant Date Fair Value Per Share
Balance at January 1, 2006	--	--
Granted	95,225	$ 7.21
Vested	200	$ 7.84
Forfeited	--	--
Balance at September 30, 2006	95,025	$ 7.21

The weighted-average grant date fair value of restricted and performance-based shares granted during the nine months ended September 30, 2006 was $686,500, or $7.21 per share. No restricted or performance-based shares were authorized, granted, outstanding or vested during the nine months ended September 30, 2005.

NOTE 8. EARNINGS PER SHARE

The following are reconciliations of the earnings available to common stockholders and the shares used in calculating basic and dilutive net earnings per common share (in thousands, except share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Earnings from continuing operations	$ 2,583	$ 4,163	$ 10,636	$ 3,935
Income (loss) from discontinued operations	1,656	(449)	603	(1,240)
Net earnings available to common stockholders	$ 4,239	$ 3,714	$ 11,239	$ 2,695
Weighted average common shares outstanding - basic	18,306,178	19,547,319	18,265,784	19,509,040
Dilutive effect of restricted stock ...	64,998	--	32,195	--
Dilutive effect of options	259	30,653	--	37,221
Weighted average common shares outstanding - diluted	18,371,435	19,577,972	18,297,979	19,546,261

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STANDARD MOTOR PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)-(CONTINUED)

The shares listed below were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Stock options........................	1,059,311	1,233,348	1,059,311	1,226,780
Convertible debentures................	2,796,120	2,796,120	2,796,120	2,796,120

NOTE 9. EMPLOYEE BENEFITS

In 2000, we created an employee benefits trust to which we contributed 750,000 shares of treasury stock. We are authorized to instruct the trustees to distribute such shares toward the satisfaction of our future obligations under employee benefit plans. The shares held in trust are not considered outstanding for purposes of calculating earnings per share until they are committed to be released. The trustees will vote the shares in accordance with their fiduciary duties. During the first quarter of 2006, we committed 118,500 shares to be released leaving 182,000 shares remaining in the trust.

In August 1994, we established an unfunded Supplemental Executive Retirement Plan (SERP) for key employees. Under the plan, these employees may elect to defer a portion of their compensation and, in addition, we may at our discretion make contributions to the plan on behalf of the employees. In March 2006, contributions of $69,000 were made related to calendar year 2005.

In October 2001, we adopted a second unfunded SERP. The SERP is a defined benefit plan pursuant to which we will pay supplemental pension benefits to certain key employees upon retirement based upon the employees' years of service and compensation. We use a January 1 measurement date for this plan.

We provide certain medical and dental care benefits to eligible retired employees. Our current policy is to fund the cost of the health care plans on a pay-as-you-go basis. Effective September 1, 2005, we restricted the eligibility requirements of employees who can participate in this program, whereby all active employees hired after 1995 are no longer eligible to participate. In the three months ended September 30, 2005, in accordance with SFAS No. 106, Employers' Accounting For Post-Retirement Benefits Other Than Pensions, we recognized a curtailment gain of $3.8 million for our post-retirement plan mainly related to the above changes made to our plan. The curtailment accounting required us to recognize at that time a pro-rata portion of the unrecognized prior service cost as a result of the changes.

In December 2003, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the "Medicare Reform Act") was signed into law. The Medicare Reform Act expanded Medicare to include, for the first time, coverage for prescription drugs. In connection with the Medicare Reform Act, the FASB issued FASB Staff Position ("FSP") No. FAS 106-2, which provides guidance on accounting for the effects of the new Medicare prescription drug legislation for employers whose prescription drug benefits are actuarially equivalent to the drug benefit under Medicare Part D and are therefore entitled to receive subsidies from the federal government beginning in 2006. On January 21, 2005, the Centers for Medicare and Medicaid Services released final regulations implementing major provisions of the Medicare Reform Act. The regulations address key concepts, such as defining a plan, as well as the actuarial equivalence test for purposes of obtaining a government subsidy. Pursuant to the guidance in FSP No. FAS 106-2, we have assessed the financial impact of the regulations and concluded that our post-retirement benefit plan will be qualified for the direct subsidies and, consequently, our accumulated post-retirement benefit obligation decreased by $6.7 million.

As a result of the reduced eligibility and Medicare subsidy explained above, we are benefiting in 2006 from a reduction to our post-retirement benefit costs through negative amortization of prior service costs.

The components of net period benefit cost for the three months ended September 30 of our North America and UK defined benefit plans are as follows (in thousands):

	Pension Benefits		Postretirement Benefits	
	2006	2005	2006	2005
Service cost	$ 99	$ 130	$ 200	$1,078
Interest cost	100	131	581	776
Amortization of transition obligation	--	--	1	--
Amortization of prior service cost (credit)	28	40	(713)	123
Actuarial net (gain) loss	(16)	4	480	1
SFAS 106 curtailment gain	--	--	--	(3,842)
Net periodic benefit (benefit) cost	$ 211	$ 305	$ 549	$(1,864)

The components of net period benefit cost for the nine months ended September 30 of our North America and UK defined benefit plans are as follows (in thousands):

	Pension Benefits		Postretirement Benefits	
	2006	2005	2006	2005
Service cost	$ 296	$ 390	$ 604	$2,714
Interest cost	301	393	1,536	1,854
Amortization of transition obligation	--	--	3	--
Amortization of prior service cost (credit)	83	120	(2,140)	185
Actuarial net (gain) loss	(48)	14	1,099	3
SFAS 106 curtailment gain	--	--	--	(3,842)
Net periodic benefit cost	$ 632	$ 917	$1,102	$ 914

NOTE 10. INDUSTRY SEGMENTS

The following tables show our net sales and operating income by our operating segments (in thousands):

	Three Months Ended September 30,			
	2006		2005	
	Net Sales	Operating Income (Loss)	Net Sales	Operating Income (Loss)
Engine Management	$127,752	$ 6,958	$135,819	$ 2,349
Temperature Control	59,917	3,986	74,537	7,078
Europe	12,813	98	11,600	250
All Other	3,273	(2,347)	2,482	108
Consolidated	$203,755	$ 8,695	$224,438	$ 9,785

	Nine Months Ended September 30,			
	2006		2005	
	Net Sales	Operating Income (Loss)	Net Sales	Operating Income (Loss)
Engine Management	$416,462	$ 30,450	$419,855	$ 19,478
Temperature Control	181,289	11,585	195,539	8,577
Europe	36,191	490	34,679	(212)
All Other	9,063	(10,906)	8,203	(10,896)
Consolidated	$643,005	$ 31,619	$658,276	$ 16,947

NOTE 11. COMMITMENTS AND CONTINGENCIES

ASBESTOS. In 1986, we acquired a brake business, which we subsequently sold in March 1998 and which is accounted for as a discontinued operation. When we originally acquired this brake business, we assumed future liabilities relating to any alleged exposure to asbestos-containing products manufactured by the seller of the acquired brake business. In accordance with the related purchase agreement, we agreed to assume the liabilities for all new claims filed on or after September 1, 2001. Our ultimate exposure will depend upon the number of claims filed against us on or after September 1, 2001 and the amounts paid for indemnity and defense thereof. At December 31, 2005 and September 30, 2006, approximately 4,500 cases and 3,300 cases, respectively, were outstanding for which we were responsible for any related liabilities. We believe that the level of new cases will decrease gradually due to recent legislation in certain states mandating minimum medical criteria before a case can be heard. Since inception in September 2001 through September 30, 2006, the amounts paid for settled claims are approximately $4.9 million. We do not have insurance coverage for the defense and indemnity costs associated with these claims.

In evaluating our potential asbestos-related liability, we have considered various factors including, among other things, an actuarial study performed by a leading actuarial firm with expertise in assessing asbestos-related liabilities, our settlement amounts and whether there are any co-defendants, the jurisdiction in which lawsuits are filed, and the status and results of settlement discussions. As is our accounting policy, we engage actuarial consultants with experience in assessing asbestos-related liabilities to estimate our potential claim liability. The methodology used to project asbestos-related liabilities and costs in the study considered: (1) historical data available from publicly available studies; (2) an analysis of our recent claims history to estimate likely filing rates into the future; (3) an analysis of our currently pending claims; and (4) an analysis of our settlements to date in order to develop average settlement values. The most recent actuarial study was performed as of August 31, 2006. Based upon all the information considered by the actuarial firm, the actuarial study estimated an undiscounted liability for settlement payments, excluding legal costs, ranging from $22.1 million to $53.9 million for the period through 2050. The change from the prior year study was a $3.2 million decrease for the low end of the range and a $2.6 million increase for the high end of the range. Based on the information contained in the actuarial study and all other available information considered by us, we concluded that no amount within the range of settlement payments was more likely than any other and, therefore, recorded the low end of the range as the liability associated with future settlement payments through 2050 in our consolidated financial statements, in accordance with generally accepted accounting principles. Accordingly, a $3.4 million benefit was recorded to our discontinued operation, and we adjusted our accrued asbestos liability to approximately $22.1 million. Legal costs, which are expensed as incurred and reported in loss from discontinued operation, are estimated to range from $11.6 million to $21.6 million during the same period.

We plan to perform an annual actuarial evaluation during the third quarter of each year for the foreseeable future. Given the uncertainties associated with projecting such matters into the future and other factors outside our control, we can give no assurance that additional provisions will not be required. Management will continue to monitor the circumstances surrounding these potential liabilities in determining whether additional provisions may be necessary. At the present time, however, we do not believe that any additional provisions would be reasonably likely to have a material adverse effect on our liquidity or consolidated financial position.

ANTITRUST LITIGATION. On November 30, 2004, we were served with a summons and complaint in the U.S. District Court for the Southern District of New York by The Coalition For A Level Playing Field, which is an organization comprised of a large number of auto parts retailers. The complaint alleges antitrust violations by the Company and a number of other auto parts manufacturers and retailers and seeks injunctive relief and unspecified monetary damages. In August 2005, we filed a motion to dismiss the complaint, following which the plaintiff filed an amended complaint dropping, among other things, all claims under the Sherman Act. The remaining claims allege violations of the Robinson-Patman Act. Motions to dismiss those claims were filed by us in February 2006. Plaintiff has filed opposition to our motions, and we subsequently filed replies in June 2006. Oral arguments were originally scheduled for September 2006, however the court has adjourned these proceedings until a later date to be determined. Although we cannot predict the ultimate outcome of this case or estimate the range of any potential loss that may be incurred in the litigation, we believe that the lawsuit is without merit, deny all of the plaintiff's allegations of wrongdoing and believe we have meritorious defenses to the plaintiff's claims. We intend to defend vigorously this lawsuit.

OTHER LITIGATION. We are involved in various other litigation and product liability matters arising in the ordinary course of business. Although the final outcome of any asbestos-related matters or any other litigation or product liability matter cannot be determined, based on our understanding and evaluation of the relevant facts and circumstances, it is our opinion that the final outcome of these matters will not have a material adverse effect on our business, financial condition or results of operations.

WARRANTIES. We generally warrant our products against certain manufacturing and other defects. These product warranties are provided for specific periods of time of the product depending on the nature of the product. As of September 30, 2006 and 2005, we have accrued $15.1 million and $16.8 million, respectively, for estimated product warranty claims included in accrued customer returns. The accrued product warranty costs are based primarily on historical experience of actual warranty claims. Warranty expense for the three months ended September 30, 2006 and 2005 were $13.7 million and $15 million, respectively, and $41.2 million and $42.1 million for the nine months ended September 30, 2006 and 2005, respectively.

The following table provides the changes in our product warranties (in thousands):

	Three Months Ended September 30,		Nine Months Ende September 30,	
	2006	2005	2006	200
Balance, beginning of period	$ 15,391	$ 15,898	$ 12,701	$ 13,
Liabilities accrued for current year sales	13,674	14,952	41,211	42,
Settlements of warranty claims	(13,917)	(14,059)	(38,764)	(38,5
Balance, end of period	$ 15,148	$ 16,791	$ 15,148	$ 16,

NOTE 12. SUBSEQUENT EVENT

On October 10, 2006, the Company announced plans to close its Puerto Rico manufacturing facility related to our Engine Management Segment following the expiration of the Internal Revenue Code Section 936 benefit and to further our efforts in streamlining costs. We will move these operations to other manufacturing sites of the Company. The facility move and closure is planned to occur in a phased manner over the next 24 months. In connection with this closing, the Company will incur one-time termination benefits to be paid to certain employees at the end of a specified requisite service period. The

Company estimates these termination benefits will amount to approximately $2.8 million which will be recognized as expense ratably over the requisite service period. The Company also expects to incur approximately $3 million in various expenses to move the production assets, close the Puerto Rico facility and relocate some employees. These expenses will be recognized as incurred. No related expenses have been incurred or recognized during the nine months ended September 30, 2006.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS MADE PURSUANT TO THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS IN THIS REPORT ARE INDICATED BY WORDS SUCH AS "ANTICIPATES," "EXPECTS," "BELIEVES," "INTENDS," "PLANS," "ESTIMATES," "PROJECTS" AND SIMILAR EXPRESSIONS. THESE STATEMENTS REPRESENT OUR EXPECTATIONS BASED ON CURRENT INFORMATION AND ASSUMPTIONS AND ARE INHERENTLY SUBJECT TO RISKS AND UNCERTAINTIES. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE WHICH ARE ANTICIPATED OR PROJECTED AS A RESULT OF CERTAIN RISKS AND UNCERTAINTIES, INCLUDING, BUT NOT LIMITED TO, ECONOMIC AND MARKET CONDITIONS; THE PERFORMANCE OF THE AFTERMARKET SECTOR; CHANGES IN BUSINESS RELATIONSHIPS WITH OUR MAJOR CUSTOMERS AND IN THE TIMING, SIZE AND CONTINUATION OF OUR CUSTOMERS' PROGRAMS; CHANGES IN THE PRODUCT MIX AND DISTRIBUTION CHANNEL MIX; THE ABILITY OF OUR CUSTOMERS TO ACHIEVE THEIR PROJECTED SALES; COMPETITIVE PRODUCT AND PRICING PRESSURES; INCREASES IN PRODUCTION OR MATERIAL COSTS THAT CANNOT BE RECOUPED IN PRODUCT PRICING; SUCCESSFUL INTEGRATION OF ACQUIRED BUSINESSES; PRODUCT AND ENVIRONMENTAL LIABILITY MATTERS (INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO ASBESTOS-RELATED CONTINGENT LIABILITIES OR ENVIRONMENTAL REMEDIATION LIABILITIES); AS WELL AS OTHER RISKS AND UNCERTAINTIES, SUCH AS THOSE DESCRIBED UNDER RISK FACTORS, QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK AND THOSE DETAILED HEREIN AND FROM TIME TO TIME IN THE FILINGS OF THE COMPANY WITH THE SEC. FORWARD-LOOKING STATEMENTS ARE MADE ONLY AS OF THE DATE HEREOF, AND THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE OR REVISE THE FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. IN ADDITION, HISTORICAL INFORMATION SHOULD NOT BE CONSIDERED AS AN INDICATOR OF FUTURE PERFORMANCE. THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS, INCLUDING THE NOTES THERETO, INCLUDED ELSEWHERE IN THIS REPORT.

BUSINESS OVERVIEW

We are a leading independent manufacturer and distributor of replacement parts for motor vehicles in the automotive aftermarket industry. We are organized into two major operating segments, each of which focuses on a specific segment of replacement parts. Our Engine Management Segment manufactures ignition and emission parts, on-board computers, ignition wires, battery cables and fuel system parts. Our Temperature Control Segment manufactures and remanufactures air conditioning compressors, and other air conditioning and heating parts. We sell our products primarily in the United States, Canada and Latin America. We also sell our products in Europe through our European Segment.

As part of our efforts to grow our business, as well as to achieve increased production and distribution efficiencies, on June 30, 2003 we completed the acquisition of substantially all of the assets and assumed substantially all of the operating liabilities of Dana Corporation's Engine Management Group ("DEM"). Under the terms of the acquisition, we paid Dana Corporation $93.2 million in cash, issued an unsecured promissory note of $15.1 million, and issued 1,378,760 shares of our common stock valued at $15.1 million. Including transaction costs, our total purchase price was approximately $130.5 million. On December 29, 2005, we entered into a Repurchase and Prepayment Agreement with Dana, in which we repurchased the 1,378,760 shares of our common stock at a repurchase price of $8.63 per share (or an aggregate approximate repurchase price of $11.9 million) and prepaid at a discount the $15.1 million unsecured promissory note plus accrued and unpaid interest for an aggregate approximate amount of $14.5 million. We recognized the discount of $1 million as a gain on the repayment of the note as well as the unrecognized deferred interest expense thereon of $0.2 million as income in 2005.

In connection with our acquisition of DEM, we reviewed our operations and implemented integration plans to restructure the operations of DEM. As part of the integration and restructuring plans, we accrued an initial restructuring liability of approximately $34.7 million at June 30, 2003. Such amounts were recognized as liabilities assumed in the acquisition and included in the allocation of the cost to acquire DEM. Accordingly, such amounts resulted in additional goodwill being recorded in connection with the acquisition. Subsequent to the acquisition, our estimate of the restructuring liability was updated and revised downward at various points in time, with a cumulative reduction to goodwill of $12.6 million as of September 30, 2006. As of September 30, 2006, the remaining restructuring accrual was $1.3 million. We expect to pay most of this remaining amount in 2006 and 2007.

Of the initial restructuring accrual, approximately $15.7 million related to work force reductions and represented employee termination benefits. The accrual primarily provides for severance costs relating to the involuntary termination of employees, individually employed throughout DEM's facilities across a broad range of functions, including managerial, professional, clerical, manufacturing and factory positions. During the year ended December 31, 2005 and the nine months ended September 30, 2006, termination benefits of $2.3 million and $0.1 million, respectively, have been charged to the restructuring accrual. As of September 30, 2006, the reserve balance for workforce reductions was at $0.7 million.

The initial restructuring accrual also included approximately $18 million consisting of the net present value of costs associated with exiting certain activities, primarily related to lease and contract termination costs, which will not have future benefits. Specifically, our plans were to consolidate certain of DEM operations into our existing plants. At December 31, 2005, we had a sublease commitment for one facility with Dana through 2021. However, on March 3, 2006, Dana filed a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code. Pursuant to a court ruling in connection with Dana's Chapter 11 bankruptcy proceedings, effective March 31, 2006, we were released from, and no longer have any obligations with respect to, such lease commitment for the facility. We have accounted for the termination of such lease commitment as a reduction of $10.5 million in our restructuring accrual, with a corresponding reduction to goodwill established on the acquisition of DEM. In addition to the above reduction, exit costs of $0.8 million were paid as of September 30, 2006, leaving an exit reserve balance of $0.6 million as of September 30, 2006.

SEASONALITY. Historically, our operating results have fluctuated by quarter, with the greatest sales occurring in the second and third quarters of the year and revenues generally being recognized at the time of shipment. It is in these quarters that demand for our products is typically the highest, specifically in the Temperature Control Segment of our business. In addition to this seasonality, the demand for our Temperature Control products during the second and third quarters of the year may vary significantly with the summer weather and customer inventories. For example, a cool summer may lessen the demand for our Temperature Control products, while a hot summer may increase such demand. As a result of this seasonality and variability in demand of our Temperature Control products, our working capital requirements peak near the end of the second quarter, as the inventory build-up of air conditioning products is converted to sales and payments on the receivables associated with such sales have yet to be received. During this period, our working capital requirements are typically funded by borrowing from our revolving credit facility.

The seasonality of our business offers significant operational challenges in our manufacturing and distribution functions. To limit these challenges and to provide a rapid turnaround time of customer orders, we have traditionally offered a pre-season selling program, known as our "Spring Promotion," in which customers are offered a choice of a price discount or longer payment terms.

INVENTORY MANAGEMENT. We face inventory management issues as a result of warranty and overstock returns. Many of our products carry a warranty ranging from a 90-day limited warranty to a lifetime limited warranty, which generally covers defects in materials or workmanship and failure to meet industry published specifications. In addition to warranty returns, we also permit our customers to return products to us within customer-specific limits (which are generally limited to a specified percentage of their annual purchases from us) in the event that they have overstocked their inventories. The Company accrues for overstock returns as a percentage of sales, after giving consideration to recent returns history. In addition, the seasonality of our Temperature Control Segment requires that we increase our inventory during the winter season in preparation of the summer selling season and customers purchasing such inventory have the right to make returns.

In order to better control warranty and overstock return levels, we tightened the rules for authorized warranty returns, placed further restrictions on the amounts customers can return and instituted a program so that our management can better estimate potential future product returns. In addition, we established procedures whereby a warranty will be voided if a customer does not follow a twelve-step warranty return process with respect to certain products.

DISCOUNTS, ALLOWANCES AND INCENTIVES. In connection with our sales activities, we offer a variety of usual customer discounts, allowances and incentives. First, we offer cash discounts for paying invoices in accordance with the specified discounted terms of the invoice. Second, we offer pricing discounts based on volume and different product lines purchased from us. These discounts are principally in the form of "off-invoice" discounts and are immediately deducted from sales at the time of sale. For those customers that choose to receive a payment on a quarterly basis instead of "off-invoice," we accrue for such payments as the related sales are made and reduce sales accordingly. Finally, rebates and discounts are provided to customers as advertising and sales force allowances, and allowances for warranty and overstock returns are also provided. Management analyzes historical returns, current economic trends, and changes in customer demand when evaluating the adequacy of the sales returns and other allowances. Significant management judgments and estimates must be made and used in connection with establishing the sales returns and other allowances in any accounting period. We account for these discounts and allowances as a reduction to revenues, and record them when sales are recorded.

INTERIM RESULTS OF OPERATIONS

COMPARISON OF THREE MONTHS ENDED SEPTEMBER 30, 2006 TO THE THREE MONTHS ENDED SEPTEMBER 30, 2005

SALES. Consolidated net sales for the three months ended September 30, 2006 were $203.8 million, a decrease of $20.7 million, or 9.2%, compared to $224.4 million in the same period of 2005, mainly due to Temperature Control net sales decreasing $14.6 million or 19.6% and Engine Management net sales decreasing $8.1 million or 5.9%. Our European Segment experienced higher sales of $1.1 million or 9.9%. The decrease in Temperature Control sales was primarily due to reduced demand resulting from a cooler summer than the prior year and reduced consumer discretionary spending due to higher energy costs, as well as competition from low cost foreign imports. The decrease in Engine Management sales was mainly due to reduced demand and higher than average customer returns as customers reduced their inventories.

GROSS MARGINS. Gross margins, as a percentage of consolidated net sales, increased to 24.2% in the third quarter of 2006 compared to 21.9% in the third quarter of 2005 mainly due to Engine Management margin improvements of 4.7 percentage points, partially offset by a 1.7 percentage point decrease in Temperature Control margin. Our European Segment also experienced increased margins of 24.1% in the third quarter of 2006 as compared to 22.5% in the same period of 2005. In the third quarter of 2006, the margins in Engine Management benefited mainly from price increases and improved procurement and manufacturing costs, partially offset by higher customer returns, as compared against inventory write-offs adversely affecting 2005 margins.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative (SG&A) expenses increased by $0.9 million to $40 million in the third quarter of 2006, compared to $39.1 million in the third quarter of 2005. SG&A expenses were slightly higher due to increased general administration and marketing expenses, partially offset by a reduction in distribution costs resulting from lower sales and by a reduction of $1 million in draft expenses as we terminated our accounts receivable draft program in the fourth quarter of 2005. The increase in general administration expenses was driven by a $3.8 million SFAS 106 curtailment gain applied against third quarter of 2005 expenses. As a percentage of net sales, SG&A expenses for the third quarter of 2006 increased to 19.7% from 17.4% for the same period in 2005.

RESTRUCTURING EXPENSES. Restructuring expenses, which include restructuring and integration expenses, increased to $0.6 million in the third quarter of 2006, compared to $0.2 million in the third quarter of 2005. The 2006 expenses related mostly to severance costs related to the move of our European production operations and the divestiture of a production unit of our Temperature Control Segment. The restructuring expense for the third quarter of 2005 related to the DEM integration which has since been substantially completed.

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OPERATING INCOME. Operating income was $8.7 million in the third quarter of 2006, compared to $9.8 million in the third quarter of 2005. Improved gross margins more than offset lower sales. However, SG&A expense increased $0.9 million as the third quarter of 2005 benefited from a postretirement medical benefit as discussed above. After adjusting for the postretirement medical benefit, operating income increased $1.4 million period over period.

OTHER INCOME, NET. Other income, net increased $0.8 million in the third quarter 2006 compared to the same period in 2005, primarily due to higher equity income and exchange gains from the strengthening Canadian dollar.

INTEREST EXPENSE. Interest expense increased by $0.6 million in the third quarter 2006 compared to the same period in 2005 primarily due to higher interest rates during the period and the elimination of our accounts receivable draft program which increased our borrowing costs. However, while the elimination of the accounts receivable draft program contributed to the interest expense increase, it also contributed to the reduction in draft expenses in SG&A expenses, as discussed above.

INCOME TAX PROVISION. The income tax provision was $1.8 million in the third quarter of 2006 compared to $1.1 million for the same period in 2005. The increase was primarily due to a higher effective rate for the third quarter of 2006 which was 41.3% compared to 21.5% in the third quarter of 2005. The increase in the effective tax rate is primarily due to the December 31, 2005 expiration of Section 936 of the Internal Revenue Code with regard to our Puerto Rico operations which are taxed at the U.S. statutory rate starting in 2006.

Deferred tax assets, net of a valuation allowance of $26.1 million and deferred tax liabilities of $17.3 million, were $40.6 million as of December 31, 2005. Approximately $110 million of taxable income must be generated in 2006 and subsequent years in order to realize the net deferred tax assets. We believe it is more likely than not that we will be able to generate this level of taxable income within 6 years of December 31, 2005, based on the assumptions that our Puerto Rico affiliate's profits will create US taxable income following the expiration of Section 936 of the Internal Revenue Code and that our US based Engine Management Segment continues to improve as we realize savings from cost reduction efforts and the move of our Puerto Rico operations to the U.S. and Mexico. Also, our US net operating loss carry forwards of $37.3 million expire between 2021 and 2025, and our alternative minimum tax credit carry forwards of approximately $6 million have no expiration date. The results of the third quarter of 2006 are generally in line with the aforementioned assumptions. We continue to monitor our trends and weigh these against our recent domestic loss carry forward history. At this time, we have concluded that our current level of valuation allowance of $26.1 million continues to be appropriate.

INCOME (LOSS) FROM DISCONTINUED OPERATION. Income (loss) from discontinued operation, net of tax, reflects legal expenses associated with our asbestos related liability and adjustments thereto based on the information contained in the actuarial study and all other available information considered by us. We recorded $1.7 million as income and $0.4 million as a loss from discontinued operation for the third quarter of 2006 and 2005, respectively. The income for the third quarter of 2006 reflects a $3.4 million pre-tax adjustment to reduce our indemnity liability in line with our most recent actuarial valuation report, partially offset by legal fees incurred in litigation, whereas the loss for the same period of 2005 reflects only legal expenses. As discussed more fully in note 11 in the notes to our consolidated financial statements, we are responsible for certain future liabilities relating to alleged exposure to asbestos containing products.

COMPARISON OF NINE MONTHS ENDED SEPTEMBER 30, 2006 TO THE NINE MONTHS ENDED SEPTEMBER 30, 2005

SALES. Consolidated net sales for the nine months ended September 30, 2006 were $643 million, a decrease of $15.3 million, or 2.3%, compared to $658.3 million in the same period of 2005. The net sales decrease was primarily due to our Temperature Control net sales decreasing by $14.3 million or 7.3% due to reduced demand resulting from a cooler summer than the prior year and reduced consumer discretionary spending due to higher energy costs, as well as competition from low cost foreign imports. Engine Management net sales also decreased by $3.4 million due to reduced demand and higher than average customer returns.

GROSS MARGINS. Gross margins, as a percentage of consolidated net sales, increased by 2.5 percentage points to 24.8% for the nine months ended September

30, 2006 from 22.3% in the same period of 2005. The increase was mainly driven by Engine Management gross margin increases to 24.2% from 20.5% of sales for the nine months ended September 30, 2006 and 2005, respectively. The margin increase in our Engine Management Segment was primarily due to price increases implemented near the end of 2005 and in the first quarter of 2006, as well as reduced procurement and manufacturing costs. Temperature Control and Europe margin percentages increased slightly due to improved costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative (SG&A) expenses increased $1.9 million to $126.8 million or 19.7% of consolidated net sales for the nine months ended September 30, 2006, compared to $124.9 million or 19% of consolidated net sales in the same period of 2005. The increase in SG&A expenses was driven mainly by increases in marketing and general and administrative expenses, partially offset by a reduction of $2.4 million in draft expenses as we terminated our accounts receivable draft program in the fourth quarter of 2005 and a reduction in distribution costs as a result of lower sales. The increase in marketing expenses is due to new catalogue spending, and the increase in general administrative expenses was mainly due to our ongoing efforts to fully integrate our operations into a common enterprise resource planning system.

RESTRUCTURING EXPENSES. Restructuring expenses, which include restructuring and integration expenses, decreased to $0.8 million for the nine months ended September 30, 2006, compared to $4.6 million for the same period in 2005. The 2006 expenses related mostly to severance costs related to the move of our European production operations and the divestiture of a production unit of our Temperature Control Segment. Expenses for the same period in 2005 were primarily for a non-cash asset impairment charge of $3.4 million in our Temperature Control business related to a strategic decision to outsource products previously manufactured, while the remainder was mostly related to the DEM integration which has since been substantially completed

OPERATING INCOME. Operating income increased by $14.7 million to $31.6 million for the nine months ended September 30, 2006, compared to $16.9 million in the same period in 2005. The increase was primarily due to higher gross profit from Engine Management's 3.7 point improvement in gross profit percentage, lower integration expenses and the elimination of the accounts receivable draft program fees, partially offset by higher SG&A expenses.

OTHER INCOME, NET. Other income, net increased $0.9 million for the nine months ended September 30, 2006 compared to the same period in 2005, primarily due to higher exchange gains on the strengthening Canadian dollar as well as higher equity income.

INTEREST EXPENSE. Interest expense increased by $2.2 million for the nine months ended September 30, 2006 compared to the same period in 2005 due to higher average borrowings and higher borrowing costs. The increase in average borrowings is due to the termination of our accounts receivable draft program in the fourth quarter of 2005, as well as the funding of the repurchase of our common stock held by Dana for $11.9 million.

INCOME TAX PROVISION. The income tax provision was $8.1 million for the nine months ended September 30, 2006 compared to $1.4 million for the same period in 2005. The increase was primarily due to higher pre-tax earnings and a higher effective rate for the nine months ended September 30, 2006 which was 43.3% compared to 26.8% for the same period in 2005. The increase in the effective tax rate is primarily due to the December 31, 2005 expiration of Section 936 of the Internal Revenue Code with regard to our Puerto Rico operations which are taxed at the U.S. statutory rate starting in 2006. Deferred tax assets, net of a valuation allowance of $26.1 million and deferred tax liabilities of $17.3 million, were $40.6 million as of December 31, 2005. As discussed above, we have concluded that our current level of valuation allowance of $26.1 million continues to be appropriate.

INCOME (LOSS) FROM DISCONTINUED OPERATION. Income (loss) from discontinued operation, net of tax, reflects legal expenses associated with our asbestos related liability and adjustments thereto based on the information contained in the actuarial study and all other available information considered by us. We recorded $0.6 million as income and $1.2 million as a loss from discontinued operation for the nine months ended September 30, 2006 and 2005, respectively. The income for the nine months ended September 30, 2006 reflects a $3.4 million pre-tax adjustment to reduce our indemnity liability in line with our most recent actuarial valuation report, partially offset by legal fees incurred in litigation, whereas the loss for the same period of 2005 reflects only legal expenses. As discussed more fully in note 11 of the notes to our consolidated financial statements, we are responsible for certain future liabilities relating to alleged exposure to asbestos containing products.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING ACTIVITIES. During the first nine months of 2006, cash provided by operations amounted to $9 million, compared to cash used in operations of $63.2 million in the same period of 2005. The period over period improvement of $72.2 million is primarily attributable to a lower increase in accounts receivable of $54.7 million and an increase in net earnings. The lower increase in accounts receivable was caused partly by a smaller balance in accounts receivable as of September 30, 2006 as compared the balance as of September 30, 2005 due to delays in monetizing the remaining drafts as of September 30, 2005 and by December 2005 levels which were higher than in December 2004 following the termination of our accounts receivable draft program at the end of 2005.

INVESTING ACTIVITIES. Cash used in investing activities was $7.7 million in the first nine months of 2006, compared to $5.2 million in the same period of 2005. The increase of $2.4 million was primarily due to lower proceeds from the sale of property, plant and equipment.

FINANCING ACTIVITIES. Cash used in financing activities was $2.4 million in the first nine months of 2006, compared to cash provided by financing activities of $67.4 million in the same period of 2005. The decrease is primarily due to the reduction in borrowings under our line of credit, which was $62.8 million lower in the nine months ended September 30, 2006 compared to the same period in 2005. We had lower borrowings due to an improvement in cash provided by operating activities and a decrease in our bank overdraft balances.

We are parties to an agreement with General Electric Capital Corporation, as agent, and a syndicate of lenders for a secured revolving credit facility. The term of the credit agreement is through 2008 and provides for a line of credit up to $305 million. Availability under our revolving credit facility is based on a formula of eligible accounts receivable, eligible inventory and eligible fixed assets. After taking into account outstanding borrowings under the revolving credit facility, there was an additional $68.8 million available for us to borrow pursuant to the formula at September 30, 2006. Our credit agreement also permits dividends and distributions by us provided specific conditions are met.

Direct borrowings under our revolving credit facility bear interest at the prime rate plus the applicable margin (as defined in the credit agreement) or, at our option, the LIBOR rate plus the applicable margin (as defined in the credit agreement). Borrowings are collateralized by substantially all of our assets, including accounts receivable, inventory and fixed assets, and those of certain of our subsidiaries. The terms of our revolving credit facility provide for, among other provisions, financial covenants requiring us, on a consolidated basis: (1) to maintain specified levels of fixed charge coverage at the end of each fiscal quarter (rolling twelve months) through 2008; and (2) to limit capital expenditure levels for each fiscal year through 2008. The terms of our revolving credit facility also provide, among other things, for the prohibition of accepting drafts under our customer draft programs after November 18, 2005.

In December 2005, our Canadian subsidiary entered into a credit agreement with GE Canada Finance Holding Company, for itself and as agent for the lenders, and GECC Capital Markets, Inc., as lead arranger and book runner. The credit agreement provides for, among other things, a $7 million term loan, which term loan is guaranteed and secured by us and certain of our wholly-owned subsidiaries and which term loan is coterminous with the term of our revolving credit facility. The $7 million term loan is part of the $305 million available for borrowing under our revolving credit facility.

In addition, in order to facilitate the aggregate financing of the DEM acquisition in June 2003, we completed a public equity offering of 5,750,000 shares of our common stock for net proceeds of approximately $55.7 million. We also issued to Dana Corporation 1,378,760 shares of our common stock valued at approximately $15.1 million and an unsecured subordinated promissory note in the aggregate principal amount of approximately $15.1 million due December 31, 2008. The promissory note had an interest rate of 9% per annum for the first year, with such interest rate increasing by one-half of a percentage point (0.5%) on each anniversary of the date of issuance. Accrued and unpaid interest was due quarterly under the promissory note. On December 29, 2005, we entered into an agreement with Dana, in which we repurchased the 1,378,760 shares of our common stock at a repurchase price of $8.63 per share (or an aggregate approximate repurchase price of $11.9 million) and prepaid at a discount the $15.1 million unsecured promissory note plus accrued and unpaid interest for an aggregate approximate amount of $14.5 million.

In June 2003, we borrowed $10 million under a mortgage loan agreement. The loan is payable in equal monthly installments. The loan bears interest at a fixed rate of 5.50% maturing in July 2018. The mortgage loan is secured by the related building and property.

Our profitability and working capital requirements are seasonal due to the sales mix of temperature control products. Our working capital requirements usually peak near the end of the second quarter, as the inventory build-up of air conditioning products is converted to sales and payments on the receivables associated with such sales begin to be received. These increased working capital requirements are funded by borrowings from our lines of credit. In 2004 and the first quarter of 2005, we also received the benefit from accelerating accounts receivable collections from customer draft programs. However, in the second quarter of 2005 we reduced the early monetizing of these accounts receivable under the draft program. An amendment to our revolving credit facility in November 2005 prohibits us from accepting drafts under our customer draft programs since November 18, 2005. We anticipate that our present sources of funds will continue to be adequate to meet our near term needs.

In October 2003, we entered into an interest rate swap agreement with a notional amount of $25 million that matured in October 2006. Under this agreement, we received a floating rate based on the LIBOR interest rate, and paid a fixed rate of 2.45% on the notional amount of $25 million. We have not entered into a new swap agreement to replace this agreement.

In July 1999, we issued convertible debentures, payable semi-annually, in the aggregate principal amount of $90 million. The debentures carry an interest rate of 6.75%, payable semi-annually. The debentures are convertible into 2,796,120 shares of our common stock, and mature on July 15, 2009. The proceeds from the sale of the debentures were used to prepay an 8.6% senior note, reduce short term bank borrowings and repurchase a portion of our common stock.

As of September 30, 2006, we have Board authorization to repurchase additional shares at a maximum cost of $1.7 million. During 2005 and the first nine months of 2006, other than the repurchase of our common stock held by Dana as discussed above, we did not repurchase any shares of our common stock either in the open market or otherwise.

The following is a summary of our contractual commitments as of December 31, 2005. Other than as discussed below, there have been no significant changes to this information at September 30, 2006. At December 31, 2005, we were parties to a sublease agreement with Dana Corporation, which agreement was originally scheduled to expire in 2021. However, on March 3, 2006, Dana filed a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code. Pursuant to a court ruling in connection with Dana's Chapter 11 bankruptcy proceedings, effective March 31, 2006, we were released from, and no longer have any obligations with respect to, such lease commitment for the facility. As such, our operating lease commitment in each year for the five year period from 2006 to 2010 has been reduced by $1.2 million per year and for the period from 2011-2015 has been reduced by $14.5 million in the aggregate.

The table below in the "Operating leases" line item has been revised to reflect these reductions.

(IN THOUSANDS)	2006	2007	2008	2009	2010	2011-2
Principal payments of long term debt	$ 542	$ 555	$ 512	$ 90,530	$ 560	$ 6,
Operating leases	6,941	5,839	4,650	3,240	1,175	7,
Interest rate swap agreements	(496)	--	--	--	--	
Post-employee retirement benefits	970	1,069	1,536	1,655	1,768	10,
Severance payments related to integration	396	413	--	--	--	
Total commitments	$8,353	$7,876	$6,698	$ 95,425	$3,503	$ 24,

CRITICAL ACCOUNTING POLICIES

We have identified the policies below as critical to our business operations and the understanding of our results of operations. The impact and any associated risks related to these policies on our business operations is discussed throughout "Management's Discussion and Analysis of Financial Condition and Results of Operations," where such policies affect our reported and expected financial results. For a detailed discussion on the application of these and other accounting policies, see note 1 of the notes to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2005. You should be aware that preparation of our consolidated quarterly financial statements in this Report requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. We can give no assurance that actual results will not differ from those estimates.

REVENUE RECOGNITION. We derive our revenue primarily from sales of replacement parts for motor vehicles from both our Engine Management and Temperature Control Segments. We recognize revenues when products are shipped and title has been transferred to a customer, the sales price is fixed and determinable, and collection is reasonably assured. For some of our sales of remanufactured products, we also charge our customers a deposit for the return of a used core component which we can use in our future remanufacturing activities. Such deposit is not recognized as revenue but rather carried as a core liability. The liability is extinguished when a core is eventually returned to us. We estimate and record provisions for cash discounts, quantity rebates, sales returns and warranties in the period the sale is recorded, based upon our prior experience and current trends. As described below, significant management judgments and estimates must be made and used in estimating sales returns and allowances relating to revenue recognized in any accounting period.

INVENTORY VALUATION. Inventories are valued at the lower of cost or market. Cost is generally determined on the first-in, first-out basis. Where appropriate, standard cost systems are utilized for purposes of determining cost; the standards are adjusted as necessary to ensure they approximate actual costs. Estimates of lower of cost or market value of inventory are determined at the reporting unit level and are based upon the inventory at that location taken as a whole. These estimates are based upon current economic conditions, historical sales quantities and patterns and, in some cases, the specific risk of loss on specifically identified inventories.

We also evaluate inventories on a regular basis to identify inventory on hand that may be obsolete or in excess of current and future projected market demand. For inventory deemed to be obsolete, we provide a reserve on the full value of the inventory. Inventory that is in excess of current and projected use is reduced by an allowance to a level that approximates our estimate of future demand.

We utilize cores (used parts) in our remanufacturing processes for air conditioning compressors. The production of air conditioning compressors involves the rebuilding of used cores, which we acquire generally either in outright purchases or from returns pursuant to an exchange program with customers. Under such exchange programs, we reduce our inventory, through a charge to cost of sales, when we sell a finished good compressor, and put back to inventory at standard cost through a credit to cost of sales the used core exchanged at the time it is eventually received from the customer.

SALES RETURNS AND OTHER ALLOWANCES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS. Management must make estimates of potential future product returns related to current period product revenue. Management analyzes historical returns, current economic trends, and changes in customer demand when evaluating the adequacy of the sales returns and other allowances. Significant management judgments and estimates must be made and used in connection with establishing the sales returns and other allowances in any accounting period. At September 30, 2006, the allowance for sales returns was $30.9 million. Similarly, management must make estimates of the uncollectability of our accounts receivable. Management specifically analyzes accounts receivable and historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. At September 30, 2006, the allowance for doubtful accounts and for discounts was $10.1 million.

ACCOUNTING FOR NEW CUSTOMER ACQUISITION COSTS. New customer acquisition costs refer to arrangements pursuant to which we incur change-over costs to induce a new customer to switch from a competitor's brand. In addition, change-over costs include the costs related to removing the new customer's inventory and replacing it with Standard Motor Products inventory commonly referred to as a stocklift. New customer acquisition costs are recorded as a reduction to revenue when incurred.

ACCOUNTING FOR INCOME TAXES. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax expense together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent we believe that it is more likely than not that the deferred tax assets will not be recovered, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase or decrease this allowance in a period, we must include an expense or recovery, respectively, within the tax provision in the statement of operations.

Significant management judgment is required in determining the adequacy of our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. At September 30, 2006, we had a valuation allowance of $26.1 million, due to uncertainties related to our ability to utilize some of our deferred tax assets. The assessment of the adequacy of our valuation allowance is based on our estimates of taxable income by jurisdiction in which we operate and the period over which our deferred tax assets will be recoverable.

In the event that actual results differ from these estimates, or we adjust these estimates in future periods for current trends or expected changes in our estimating assumptions, we may need to modify the level of valuation allowance which could materially impact our business, financial condition and results of operations.

VALUATION OF LONG-LIVED AND INTANGIBLE ASSETS AND GOODWILL. We assess the impairment of identifiable intangibles and long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important, which could trigger an impairment review, include the following: (a) significant underperformance relative to expected historical or projected future operating results; (b) significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and (c) significant negative industry or economic trends. With respect to goodwill, if necessary, we test for potential impairment in the fourth quarter of each year as part of our annual budgeting process. We review the fair values of each of our reporting units using the discounted cash flows method and market multiples.

In the event our planning assumptions were modified resulting in impairment to our assets, we would be required to include an expense in our statement of operations, which could materially impact our business, financial condition and results of operations.

RETIREMENT AND POST-RETIREMENT MEDICAL BENEFITS. Each year, we calculate the costs of providing retiree benefits under the provisions of SFAS 87, Employers' Accounting for Pensions, and SFAS 106, Employers' Accounting for Post-retirement Benefits Other than Pensions. The key assumptions used in making these calculations are disclosed in notes 13 and 14 of the notes to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2005. The most significant of these assumptions are the eligibility criteria of participants, the discount rate used to value the future obligation, expected return on plan assets and health care cost trend rates. We select discount rates commensurate with current market interest rates on high-quality, fixed-rate debt securities. The expected return on assets is based on our current review of the long-term returns on assets held by the plans, which is influenced by historical averages. The medical cost trend rate is based on our actual medical claims and future projections of medical cost trends. Under FSP No. FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," the Company has concluded that its post-retirement plan is actuarially equivalent to the Medicare Part D benefit and accordingly recognizes subsidies from the federal government in the measurement of the accumulated post-retirement benefit obligation under SFAS 106, "Employers' Accounting for Post-Retirement Benefits Other Than Pensions". In addition, in accordance with SFAS No. 106, Employers' Accounting For Post-Retirement Benefits Other Than Pensions, in September 2005 we recognized a curtailment gain of $3.8 million for our post-retirement plan related to changes made to our plan, namely reducing the number of participants eligible for our plan by making all active participants hired after 1995 no longer eligible.

ASBESTOS RESERVE. We are responsible for certain future liabilities relating to alleged exposure to asbestos-containing products. In accordance with our accounting policy, our most recent actuarial study estimated a liability for settlement payments, excluding legal costs, ranging from $22.1 million to $53.9 million. Based on the information contained in the actuarial study and all other available information considered by us, we concluded that no amount within the range of settlement payments was more likely than any other and, therefore, recorded the low end of the range as the liability associated with future settlement payments through 2050 in our consolidated financial statements, in accordance with generally accepted accounting principles. Legal costs, which are expensed as incurred and reported in loss from discontinued operation, are estimated to range from $11.6 million to $21.6 million during the same period. We plan to perform an annual actuarial analysis during the third quarter of each year for the foreseeable future. Based on this analysis and all other available information, we will continue to reassess the recorded liability and, if deemed necessary, record an adjustment to the reserve, which will be reflected as a loss or gain from discontinued operation.

OTHER LOSS RESERVES. We have numerous other loss exposures, such as environmental claims, product liability and litigation. Establishing loss reserves for these matters requires the use of estimates and judgment of risk exposure and ultimate liability. We estimate losses using consistent and appropriate methods; however, changes to our assumptions could materially affect our recorded liabilities for loss.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS.

SHARE-BASED PAYMENT

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"). SFAS 123R requires that stock-based employee compensation be recorded as a charge to earnings. SFAS 123R is effective for interim and annual financial statements for years beginning after December 15, 2005 and applies to all outstanding and unvested share-based payments at the time of adoption. Accordingly, we have adopted SFAS 123R commencing January 1, 2006 using a modified prospective application, as permitted by SFAS 123R. Accordingly, prior period amounts have not been restated. Under this application, we are required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption.

Prior to the adoption of SFAS 123R, we applied Accounting Principles Board Opinions ("APB") No. 25 and related interpretations to account for our stock plans resulting in the use of the intrinsic value to value the stock. Under APB 25, we were not required to recognize compensation expense for the cost of stock options. In accordance with the adoption of SFAS 123R, we recorded stock-based compensation expense for the cost of incentive stock options, restricted stock and performance-based stock granted under our stock plans. Stock-based compensation expense for the third quarter of 2006 was $149,100 ($91,600 net of tax) or $0.01 per basic and diluted share and $559,500 ($343,800 net of tax) or $0.02 per basic and diluted share for the nine months ended September 30, 2006. The adoption of SFAS 123R did not have a material impact on our financial position, results of operation or cash flows.

ACCOUNTING FOR UNCERTAIN TAX POSITIONS

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Only tax positions meeting the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption of this Interpretation. FIN 48 also provides guidance on accounting for derecognition, interest and penalties, and classification and disclosure of matters related to uncertainty in income taxes. FIN 48 is effective for fiscal years beginning after December 15, 2006 and, as a result, is effective for our Company beginning January 1, 2007. FIN 48 will require adjustment to the opening balance of retained earnings (or other components of shareholders' equity in the statement of financial position) for the cumulative effect of the difference in the net amount of assets and liabilities for all open tax positions at the effective date. Management is currently assessing the impact, if any, which the adoption of FIN 48 will have on our consolidated financial position, results of operations and cash flows.

FAIR VALUE MEASUREMENTS

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurement. This statement applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS 157 is effective for the fiscal year beginning after November 15, 2007, which for the Company is the year ending December 31, 2007. Management is currently assessing the impact, if any, which the adoption of SFAS 157 will have on our consolidated financial position, results of operations and cash flows.

ACCOUNTING FOR DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT PLANS

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)." SFAS 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit pension or postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through accumulated other comprehensive income in shareholders' equity. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The Company will be required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006, which for the Company will be the year ending December 31, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008, or for the Company's year ending December 31, 2008. Management estimates the impact of adopting SFAS 158 will not result in a material change to its total liabilities or shareholders' equity.

QUANTIFYING MISSTATEMENTS IN CURRENT YEAR FINANCIAL STATEMENTS

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides interpretive guidance on how the effects of prior-year uncorrected misstatements should be considered when quantifying misstatements in the current year financial statements. SAB 108 requires registrants to quantify misstatements using both an income statement ("rollover") and balance sheet ("iron curtain") approach and evaluate whether either approach results in a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. If prior year errors that had been previously considered immaterial now are considered material based on either approach, no restatement is required so long as management properly applied its previous approach and all relevant facts and circumstances were considered. If prior years are not restated, the cumulative effect adjustment is recorded in opening accumulated earnings (deficit) as of the beginning of the fiscal year of adoption. SAB 108 is effective for fiscal years ending on or after November 15, 2006, which for the Company is the year ending December 31, 2006. Management is currently assessing the impact, if any, which the adoption of SAB 108 will have on our consolidated financial position, results of operations and cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, primarily related to foreign currency exchange and interest rates. These exposures are actively monitored by management. Our exposure to foreign exchange rate risk is due to certain costs, revenues and borrowings being denominated in currencies other than one of our subsidiary's functional currency. Similarly, we are exposed to market risk as the result of changes in interest rates, which may affect the cost of our financing. It is our policy and practice to use derivative financial instruments only to the extent necessary to manage exposures. We do not hold or issue derivative financial instruments for trading or speculative purposes.

We have exchange rate exposure, primarily, with respect to the Canadian dollar, the British pound, the Euro, the Japanese Yen and the Hong Kong dollar. As of December 31, 2005 and September 30, 2006, our monetary assets and liabilities which are subject to this exposure are immaterial, therefore the potential immediate loss to us that would result from a hypothetical 10% change in foreign currency exchange rates would not be expected to have a material impact on our earnings or cash flows. This sensitivity analysis assumes an unfavorable 10% fluctuation in both of the exchange rates affecting both of the foreign currencies in which the indebtedness and the financial instruments described above are denominated and does not take into account the offsetting effect of such a change on our foreign-currency denominated revenues.

We manage our exposure to interest rate risk through the proportion of fixed rate debt and variable rate debt in our debt portfolio. To manage a portion of our exposure to interest rate changes, we enter into interest rate swap agreements. We invest our excess cash in highly liquid short-term investments. Our percentage of variable rate debt to total debt was 60% at December 31, 2005 and 61.5% at September 30, 2006.

Other than the aforementioned, there have been no significant changes to the information presented in Item 7A (Market Risk) of our Annual Report on Form 10-K for the year ended December 31, 2005.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Exchange Act, as of the end of the period covered by this Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report.

(b) Changes in Internal Control Over Financial Reporting.

During the quarter ended September 30, 2006, we have not made any changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

We continue to review, document and test our internal control over financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business. These efforts will lead to various changes in our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In 1986, we acquired a brake business, which we subsequently sold in March 1998 and which is accounted for as a discontinued operation. When we originally acquired this brake business, we assumed future liabilities relating to any alleged exposure to asbestos-containing products manufactured by the seller of the acquired brake business. In accordance with the related purchase agreement, we agreed to assume the liabilities for all new claims filed on or after September 1, 2001. Our ultimate exposure will depend upon the number of claims filed against us on or after September 1, 2001 and the amounts paid for indemnity and defense thereof. At December 31, 2005 and September 30, 2006 approximately 4,500 cases and 3,300 cases, respectively, were outstanding for which we were responsible for any related liabilities. We believe that the level of new cases will decrease gradually due to recent legislation in certain states mandating minimum medical criteria before a case can be heard. Since inception in September 2001 through September 30, 2006, the amounts paid for settled claims are approximately $4.9 million. We do not have insurance coverage for the defense and indemnity costs associated with these claims.

On November 30, 2004, we were served with a summons and complaint in the U.S. District Court for the Southern District of New York by The Coalition For A Level Playing Field, which is an organization comprised of a large number of auto parts retailers. The complaint alleges antitrust violations by the Company and a number of other auto parts manufacturers and retailers and seeks injunctive relief and unspecified monetary damages. In August 2005, we filed a motion to dismiss the complaint, following which the plaintiff filed an amended compliant dropping, among other things, all claims under the Sherman Act. The remaining claims allege violations of the Robinson-Patman Act. Motions to dismiss those claims were filed by us in February 2006. Plaintiff has filed opposition to our motions, and we subsequently filed replies in June 2006. Oral arguments were originally scheduled for September 2006, however the court has adjourned these proceedings until a later date to be determined. Although we cannot predict the ultimate outcome of this case or estimate the range of any potential loss that may be incurred in the litigation, we believe that the lawsuit is without merit, deny all of the plaintiff's allegations of wrongdoing and believe we have meritorious defenses to the plaintiff's claims. We intend to defend vigorously this lawsuit.

We are involved in various other litigation and product liability matters arising in the ordinary course of business. Although the final outcome of any asbestos-related matters or any other litigation or product liability matter cannot be determined, based on our understanding and evaluation of the relevant facts and circumstances, it is our opinion that the final outcome of these matters will not have a material adverse effect on our business, financial condition or results of operations.

ITEM 6. EXHIBITS

31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STANDARD MOTOR PRODUCTS, INC.
(Registrant)

Date: November 9, 2006

/s/ James J. Burke

James J. Burke
Vice President Finance,
Chief Financial Officer
(Principal Financial and
Accounting Officer)

/s/ Luc Gregoire

Luc Gregoire
Corporate Controller and
Chief Accounting Officer

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STANDARD MOTOR PRODUCTS, INC.

EXHIBIT INDEX

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s or procedures.

DTC has advised us that it is a limited purpose trust company created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC s participants include securities brokers and dealers, banks and trust companies, clearing corporations, and other organizations. Indirect access to DTC s system is also available to others such as banks, brokers, dealers, and trust companies. These indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC s nominee is the registered owner of a global note, that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note:

will not be entitled to have notes represented by the global note registered in their names;

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will not receive or be entitled to receive physical, certificated notes; and

will not be considered the owners or holders of the notes under the indenture for any purpose, including with respect to the giving of any direction, instruction, or approval to the Trustee.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the new notes represented by a global note will be made by the Trustee to DTC s nominee, as the registered holder of the global note. Neither we nor the Trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising, or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC s procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear, and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the Trustee will have any responsibility for the performance by DTC, Euroclear, or Clearstream, or their participants or indirect participants, of their obligations under the rules and procedures governing their operations.

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Certificated Notes

New notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related notes only if:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;

- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days; or

- certain other events provided in the indenture should occur.

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INFORMATION REGARDING PBF ENERGY COMPANY LLC

PBF Energy Company LLC, the owner of 44.1% of PBFX s limited partnership interests, provides a limited guarantee of collection of the principal amount of the notes (the PBF LLC limited guarantee). PBF Energy (NYSE: PBF) is the sole managing member of PBF LLC and operates and controls all of its business and affairs. PBF LLC is a holding company for the companies that directly or indirectly own and operate PBF Energy s business. PBF Energy s sole asset is a controlling economic interest of approximately 96.7% in PBF LLC, with the remaining 3.3% of the economic interests in PBF LLC held by certain of PBF Energy s current and former executive officers and directors and certain employees and others, as of December 31, 2017. PBF Holding is a wholly-owned subsidiary of PBF LLC. PBF Finance Corporation is a wholly-owned subsidiary of PBF Holding. As of December 31, 2017, PBF LLC holds a 44.1% limited partner interest and all of the incentive distribution rights in PBFX, and wholly-owns PBF GP, the general partner of PBFX.

Unless the context otherwise requires, references in this section of the prospectus to PBF LLC, we, us, our or the Company refer to PBF Energy Company LLC and its consolidated subsidiaries, including PBF Holding and PBFX. Unless the context otherwise requires, references in this section of the prospectus to PBF Energy refer to PBF Energy Inc. and its consolidated subsidiaries.

Overview

We are one of the largest independent petroleum refiners and suppliers of unbranded transportation fuels, heating oil, petrochemical feedstocks, lubricants and other petroleum products in the United States. We sell our products throughout the Northeast, Midwest, Gulf Coast and West Coast of the United States, as well as in other regions of the United States and Canada, and are able to ship products to other international destinations. As of December 31, 2017, we own and operate five domestic oil refineries and related assets, which we acquired in 2010, 2011, 2015 and 2016. Our refineries have a combined processing capacity, known as throughput, of approximately 900,000 bpd, and a weighted-average Nelson Complexity Index of 12.2. We operate in two reportable business segments: Refining and Logistics.

PBF Energy was formed on November 7, 2011 and is a holding company whose primary asset is a controlling equity interest in PBF LLC. PBF Energy is the sole managing member of PBF LLC and operates and controls all of the business and affairs of PBF LLC. PBF LLC is a holding company for the companies that directly or indirectly own and operate PBF Energy s business. PBF Holding is a wholly-owned subsidiary of PBF LLC and is the parent company for our refining operations. PBF LLC consolidates the financial results of PBFX and records a noncontrolling interest for the economic interests in PBFX held by the public common unit holders of PBFX.

As of December 31, 2017, PBF Energy owned 110,586,762 PBF LLC Series C Units and PBF Energy s current and former executive officers and directors and certain employees and others held 3,767,464 PBF LLC Series A Units (we refer to all of the holders of the PBF LLC Series A Units as the members of PBF LLC other than PBF Energy). As a result, the holders of PBF Energy s issued and outstanding shares of its Class A common stock have approximately 96.7% of the voting power in PBF Energy, and the members of PBF LLC other than PBF Energy through their holdings of Class B common stock have approximately 3.3% of the voting power in PBF Energy.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS OF PBF LLC

Certain statements and information in and incorporated by reference into this prospectus may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as believes, expects, may, should, seeks, approximately, intends, plans, estimates, or anticipates or s that relate to our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results.

Important factors that could cause actual results to differ materially from our expectations, which we refer to as cautionary statements, are disclosed in this prospectus. All forward-looking information in this prospectus and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

- supply, demand, prices and other market conditions for our products, including volatility in commodity prices;
- the effects of competition in our markets;
- changes in currency exchange rates, interest rates and capital costs;
- adverse developments in our relationship with both our key employees and unionized employees;
- our ability to operate our businesses efficiently, manage capital expenditures and costs (including general and administrative expenses) and generate earnings and cash flow;
- our indebtedness;
- our supply and inventory intermediation arrangements expose us to counterparty credit and performance risk;

termination of our A&R Intermediation Agreements (as defined below) with J. Aron & Company (J. Aron), which could have a material adverse effect on our liquidity, as we would be required to finance our intermediate and refined products inventory covered by the agreements. Additionally, we are obligated to repurchase from J. Aron certain intermediates and finished products located at the Paulsboro and Delaware City refineries storage tanks upon termination of these agreements;

restrictive covenants in our indebtedness that may adversely affect our operational flexibility;

payments to the current and former holders of PBF LLC Series A Units and PBF LLC Series B Units under the Tax Receivable Agreement (as defined below) for certain tax benefits PBF Energy may claim;

our assumptions regarding payments arising under the Tax Receivable Agreement and other arrangements relating to our organizational structure are subject to change due to various factors, including, among other factors, the timing of exchanges of PBF LLC Series A Units for shares of PBF Energy s Class A common stock as contemplated by the Tax Receivable Agreement, the price of PBF Energy s Class A common stock at the time of such exchanges, the extent to which such exchanges are taxable, and the amount and timing of our income;

our expectations and timing with respect to our acquisition activity and whether such acquisitions are accretive or dilutive to PBF Energy s shareholders;

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our expectations and timing with respect to our capital improvement and turnaround projects;

the status of an air permit to transfer crude through the Delaware City refinery s dock;

the impact of disruptions to crude or feedstock supply to any of our refineries, including disruptions due to problems at PBFX or with third party logistics infrastructure or operations, including pipeline, marine and rail transportation;

the possibility that we might reduce or not make further dividend payments;

the inability of our subsidiaries to freely pay dividends or make distributions to us;

the impact of current and future laws, rulings and governmental regulations, including the implementation of rules and regulations regarding transportation of crude oil by rail;

the impact of the newly enacted federal income tax legislation on our business;

the effectiveness of our crude oil sourcing strategies, including our crude by rail strategy and related commitments;

adverse impacts from changes in our regulatory environment, such as the effects of compliance with the California Global Warming Solutions Act (also referred to as AB32), or from actions taken by environmental interest groups;

market risks related to the volatility in the price of Renewable Identification Numbers (RINS) required to comply with the Renewable Fuel Standards and greenhouse gas (GHG) emission credits required to comply with various GHG emission programs, such as AB32;

our ability to successfully integrate recently completed acquisitions into our business and realize the benefits from such acquisitions;

liabilities arising from recent acquisitions that are unforeseen or exceed our expectations;

risk associated with the operation of PBFX as a separate, publicly-traded entity;

- potential tax consequences related to our investment in PBFX; and

- any decisions we continue to make with respect to our energy-related logistical assets that may be transferred to PBFX.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this prospectus may not in fact occur. Accordingly, investors should not place undue reliance on those statements.

Our forward-looking statements speak only as of the date of this prospectus or as of the date which they are made. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to update or revise any forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing.

RISK FACTORS RELATING TO PBF LLC

You should carefully read the risks and uncertainties described below. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties may also impair our business operations. If any of the following risks actually occur, our business, financial condition, results of operations or cash flows would likely suffer.

Risks Relating to Our Business and Industry

The price volatility of crude oil, other feedstocks, blendstocks, refined products and fuel and utility services may have a material adverse effect on our revenues, profitability, cash flows and liquidity.

Our revenues, profitability, cash flows and liquidity from operations depend primarily on the margin above operating expenses (including the cost of refinery feedstocks, such as crude oil, intermediate partially refined petroleum products, and natural gas liquids that are processed and blended into refined products) at which we are able to sell refined products. Refining is primarily a margin-based business and, to increase profitability, it is important to maximize the yields of high value finished products while minimizing the costs of feedstock and operating expenses. When the margin between refined product prices and crude oil and other feedstock costs contracts, our earnings, profitability and cash flows are negatively affected. Refining margins historically have been volatile, and are likely to continue to be volatile, as a result of a variety of factors, including fluctuations in the prices of crude oil, other feedstocks, refined products and fuel and utility services. An increase or decrease in the price of crude oil will likely result in a similar increase or decrease in prices for refined products; however, there may be a time lag in the realization, or no such realization, of the similar increase or decrease in prices for refined products. The effect of changes in crude oil prices on our refining margins therefore depends in part on how quickly and how fully refined product prices adjust to reflect these changes.

In addition, the nature of our business requires us to maintain substantial crude oil, feedstock and refined product inventories. Because crude oil, feedstock and refined products are commodities, we have no control over the changing market value of these inventories. Our crude oil, feedstock and refined product inventories are valued at the lower of cost or market value under the last-in-first-out (LIFO) inventory valuation methodology. If the market value of our crude oil, feedstock and refined product inventory declines to an amount less than our LIFO cost, we would record a write-down of inventory and a non-cash impact to cost of products and other. For example, during the year ended December 31, 2017, we recorded an adjustment to value our inventories to the lower of cost or market which increased both operating income and net income by $295.5 million, reflecting the net change in the lower of cost or market inventory reserve from $596.0 million at December 31, 2016 to $300.5 million at December 31, 2017.

Prices of crude oil, other feedstocks, blendstocks, and refined products depend on numerous factors beyond our control, including the supply of and demand for crude oil, other feedstocks, gasoline, diesel, ethanol, asphalt and other refined products. Such supply and demand are affected by a variety of economic, market, environmental and political conditions.

Our direct operating expense structure also impacts our profitability. Our major direct operating expenses include employee and contract labor, maintenance and energy. Our predominant variable direct operating cost is energy, which is comprised primarily of fuel and other utility services. The volatility in costs of fuel, principally natural gas, and other utility services, principally electricity, used by our refineries and other operations affect our operating costs. Fuel and utility prices have been, and will continue to be, affected by factors outside our control, such as supply and demand for fuel and utility services in both local and regional markets. Natural gas prices have historically been volatile and, typically, electricity prices fluctuate with natural gas prices. Future increases in fuel and utility prices may have a negative effect on our refining margins, profitability and cash flows.

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Our profitability is affected by crude oil differentials and related factors, which fluctuate substantially.

A significant portion of our profitability is derived from the ability to purchase and process crude oil feedstocks that historically have been less expensive than benchmark crude oils, such as the heavy, sour crude oils processed at our Delaware City, Paulsboro Chalmette and Torrance refineries. For our Toledo refinery, purchased crude prices have historically been slightly above the WTI benchmark, however such crude slate typically results in favorable refinery production yield. For all locations, these crude oil differentials vary significantly from quarter to quarter depending on overall economic conditions and trends and conditions within the markets for crude oil and refined products. Any change in these crude oil differentials may have an impact on our earnings. Our rail investment and strategy to acquire cost advantaged Mid-Continent and Canadian crude, which are priced based on WTI, could be adversely affected when the Dated Brent/WTI or related differentials narrow. A narrowing of the WTI/Dated Brent differential may result in our Toledo refinery losing a portion of its crude oil price advantage over certain of our competitors, which negatively impacts our profitability. In addition, the narrowing of the WTI/WCS differential, which is a proxy for the difference between light U.S. and heavy Canadian crude oil, may reduce our refining margins and adversely affect our profitability and earnings. Divergent views have been expressed as to the expected magnitude of changes to these crude differentials in future periods. Any continued or further narrowing of these differentials could have a material adverse effect on our business and profitability.

Additionally, governmental and regulatory actions, including recent initiatives by the Organization of the Petroleum Exporting Countries to restrict crude oil production levels and executive actions by the current U.S. presidential administration to advance certain energy infrastructure projects such as the Keystone XL pipeline, may continue to impact crude oil prices and crude oil differentials. Any increase in crude oil prices or unfavorable movements in crude oil differentials due to such actions or changing regulatory environment may negatively impact our ability to acquire crude oil at economical prices and could have a material adverse effect on our business and profitability.

A significant interruption or casualty loss at any of our refineries and related assets could reduce our production, particularly if not fully covered by our insurance. Failure by one or more insurers to honor its coverage commitments for an insured event could materially and adversely affect our future cash flows, operating results and financial condition.

Our business currently consists of owning and operating five refineries and related assets. As a result, our operations could be subject to significant interruption if any of our refineries were to experience a major accident, be damaged by severe weather or other natural disaster, or otherwise be forced to shut down or curtail production due to unforeseen events, such as acts of God, nature, orders of governmental authorities, supply chain disruptions impacting our crude rail facilities or other logistical assets, power outages, acts of terrorism, fires, toxic emissions and maritime hazards. Any such shutdown or disruption would reduce the production from that refinery. There is also risk of mechanical failure and equipment shutdowns both in general and following unforeseen events. Further, in such situations, undamaged refinery processing units may be dependent on or interact with damaged sections of our refineries and, accordingly, are also subject to being shut down. In the event any of our refineries is forced to shut down for a significant period of time, it would have a material adverse effect on our earnings, our other results of operations and our financial condition as a whole.

As protection against these hazards, we maintain insurance coverage against some, but not all, such potential losses and liabilities. We may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies may increase substantially. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. For example, coverage for hurricane damage can be limited, and coverage for terrorism risks can include broad exclusions. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our financial position.

Our insurance program includes a number of insurance carriers. Significant disruptions in financial markets could lead to a deterioration in the financial condition of many financial institutions, including insurance companies and, therefore, we may not be able to obtain the full amount of our insurance coverage for insured events.

Our refineries are subject to interruptions of supply and distribution as a result of our reliance on pipelines and railroads for transportation of crude oil and refined products.

Our Toledo, Chalmette and Torrance refineries receive a significant portion of their crude oil through pipelines. These pipelines include the Enbridge system, Capline and Mid-Valley pipelines for supplying crude to our Toledo refinery, the MOEM and CAM pipelines for supplying crude to our Chalmette refinery and the San Joaquin Pipeline, San Ardo and Coastal Pipeline systems for supplying crude to our Torrance refinery. Additionally, our Toledo, Chalmette and Torrance refineries deliver a significant portion of the refined products through pipelines. These pipelines include pipelines such as the Sunoco Logistics Partners L.P. and Buckeye Partners L.P. pipelines at Toledo, the Collins Pipeline at our Chalmette refinery and Jet Pipeline to the Los Angeles International Airport, the Product Pipeline to Vernon and the Product Pipeline to Atwood at our Torrance refinery. We could experience an interruption of supply or delivery, or an increased cost of receiving crude oil and delivering refined products to market, if the ability of these pipelines to transport crude oil or refined products is disrupted because of accidents, weather interruptions, governmental regulation, terrorism, other third party action or casualty or other events.

The Delaware City rail unloading facilities allow our East Coast refineries to source WTI-based crudes from Western Canada and the Mid-Continent, which may provide significant cost advantages versus traditional Brent-based international crudes in certain market environments. Any disruptions or restrictions to our supply of crude by rail due to problems with third party logistics infrastructure or operations or as a result of increased regulations, could increase our crude costs and negatively impact our results of operations and cash flows.

In addition, due to the common carrier regulatory obligation applicable to interstate oil pipelines, capacity allocation among shippers can become contentious in the event demand is in excess of capacity. Therefore, nominations by new shippers or increased nominations by existing shippers may reduce the capacity available to us. Any prolonged interruption in the operation or curtailment of available capacity of the pipelines that we rely upon for transportation of crude oil and refined products could have a further material adverse effect on our business, financial condition, results of operations and cash flows.

Regulation of emissions of greenhouse gases could force us to incur increased capital and operating costs and could have a material adverse effect on our results of operations and financial condition.

Both houses of Congress have actively considered legislation to reduce emissions of greenhouse gases (GHGs), such as carbon dioxide and methane, including proposals to: (i) establish a cap and trade system, (ii) create a federal renewable energy or clean energy standard requiring electric utilities to provide a certain percentage of power from such sources, and (iii) create enhanced incentives for use of renewable energy and increased efficiency in energy supply and use. In addition, the EPA is taking steps to regulate GHGs under the existing federal Clean Air Act (the CAA). The EPA has already adopted regulations limiting emissions of GHGs from motor vehicles, addressing the permitting of GHG emissions from stationary sources, and requiring the reporting of GHG emissions from specified large GHG emission sources, including refineries. These and similar regulations could require us to incur costs to monitor and report GHG emissions or reduce emissions of GHGs associated with our operations. In addition, various states, individually as well as in some cases on a regional basis, have taken steps to control GHG emissions, including adoption of GHG reporting requirements, cap and trade systems and renewable portfolio standards (such as AB32 regulations in California). Efforts have also been undertaken to delay, limit or prohibit the EPA and possibly state action to regulate GHG emissions, and it is not possible at this time to predict the ultimate form, timing or extent of federal or state regulation. In addition, it is currently uncertain how the current presidential administration will address GHG emissions. In the event we do incur increased costs as a result of increased efforts to control GHG emissions, we may not be able to pass on any of these costs to our customers. Such requirements also could adversely affect demand for the refined petroleum products that we produce. Any increased costs or reduced demand could materially and adversely affect our business and results of operation.

Requirements to reduce emissions could result in increased costs to operate and maintain our facilities as well as implement and manage new emission controls and programs put in place. For example, AB32 in California requires the state to reduce its GHG emissions to 1990 levels by 2020. Additionally, in September 2016, the state of California enacted Senate Bill 32 which further reduces greenhouse gas emissions targets to 40 percent below 1990 levels by 2030. Two regulations implemented to achieve these goals are Cap-and-Trade and the Low Carbon Fuel Standard (LCFS). In 2012, the California Air Resource Board (CARB) implemented Cap-and-Trade. This program currently places a cap on GHGs and we are required to acquire a sufficient number of credits to cover emissions from our refineries and our in-state sales of gasoline and diesel. In 2009, CARB adopted the LCFS, which requires a 10% reduction in the carbon intensity of gasoline and diesel by 2020. Compliance is achieved through blending lower carbon intensity biofuels into gasoline and diesel or by purchasing credits. Compliance with each of these programs is facilitated through a market-based credit system. If sufficient credits are unavailable for purchase or we are unable to pass through costs to our customers, we have to pay a higher price for credits or if we are otherwise unable to meet our compliance obligations, our financial condition and results of operations could be adversely affected.

Our hedging activities may limit our potential gains, exacerbate potential losses and involve other risks.

We may enter into commodity derivatives contracts to hedge our crude price risk or crack spread risk with respect to a portion of our expected gasoline and distillate production on a rolling basis. Consistent with that policy we may hedge some percentage of future crude supply. We may enter into hedging arrangements with the intent to secure a minimum fixed cash flow stream on the volume of products hedged during the hedge term and to protect against volatility in commodity prices. Our hedging arrangements may fail to fully achieve these objectives for a variety of reasons, including our failure to have adequate hedging arrangements, if any, in effect at any particular time and the failure of our hedging arrangements to produce the anticipated results. We may not be able to procure adequate hedging arrangements due to a variety of factors. Moreover, such transactions may limit our ability to benefit from favorable changes in crude oil and refined product prices. In addition, our hedging activities may expose us to the risk of financial loss in certain circumstances, including instances in which:

- the volumes of our actual use of crude oil or production of the applicable refined products is less than the volumes subject to the hedging arrangement;
- accidents, interruptions in feedstock transportation, inclement weather or other events cause unscheduled shutdowns or otherwise adversely affect our refineries, or those of our suppliers or customers;
- changes in commodity prices have a material impact on collateral and margin requirements under our hedging arrangements, resulting in us being subject to margin calls;
- the counterparties to our derivative contracts fail to perform under the contracts; or

a sudden, unexpected event materially impacts the commodity or crack spread subject to the hedging arrangement.

As a result, the effectiveness of our hedging strategy could have a material impact on our financial results. See Management s Discussion and Analysis of Financial Condition and Results of Operations of PBF LLC Quantitative and Qualitative Disclosures About Market Risk included elsewhere in this prospectus.

In addition, these hedging activities involve basis risk. Basis risk in a hedging arrangement occurs when the price of the commodity we hedge is more or less variable than the index upon which the hedged commodity is

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based, thereby making the hedge less effective. For example, a NYMEX index used for hedging certain volumes of our crude oil or refined products may have more or less variability than the actual cost or price we realize for such crude oil or refined products. We may not hedge all the basis risk inherent in our hedging arrangements and derivative contracts.

We may have capital needs for which our internally generated cash flows and other sources of liquidity may not be adequate.

If we cannot generate sufficient cash flows or otherwise secure sufficient liquidity to support our short-term and long-term capital requirements, we may not be able to meet our payment obligations or our future debt obligations, comply with certain deadlines related to environmental regulations and standards, or pursue our business strategies, including acquisitions, in which case our operations may not perform as we currently expect. We have substantial short-term capital needs and may have substantial long term capital needs. Our short-term working capital needs are primarily related to financing certain of our refined products inventory not covered by our various supply and inventory intermediation agreements. Pursuant to the inventory intermediation agreements, J. Aron purchases and holds title to certain of the intermediate and finished products produced by the Delaware City and Paulsboro refineries and delivered into the tanks at the refineries (or at other locations outside of the refineries as agreed upon by both parties). Furthermore, J. Aron agrees to sell the intermediate and finished products back to us as they are discharged out of the refineries tanks (or other locations outside of the refineries as agreed upon by both parties). We market and sell the finished products independently to third parties.

If we cannot adequately handle our crude oil and feedstock requirements or if we are required to obtain our crude oil supply at our other refineries without the benefit of the existing supply arrangements or the applicable counterparty defaults in its obligations, our crude oil pricing costs may increase as the number of days between when we pay for the crude oil and when the crude oil is delivered to us increases. Termination of our A&R Intermediation Agreements with J. Aron would require us to finance our refined products inventory covered by the agreements at terms that may not be as favorable. Additionally, we are obligated to repurchase from J. Aron all volumes of products located at the refineries storage tanks (or at other locations outside of the refineries as agreed upon by both parties) upon termination of these agreements, which may have a material adverse impact on our working capital and financial condition. Further, if we are not able to market and sell our finished products to credit worthy customers, we may be subject to delays in the collection of our accounts receivable and exposure to additional credit risk. Such increased exposure could negatively impact our liquidity due to our increased working capital needs as a result of the increase in the amount of crude oil inventory and accounts receivable we would have to carry on our balance sheet. Our long-term needs for cash include those to support ongoing capital expenditures for equipment maintenance and upgrades during turnarounds at our refineries and to complete our routine and normally scheduled maintenance, regulatory and security expenditures.

In addition, from time to time, we are required to spend significant amounts for repairs when one or more processing units experiences temporary shutdowns. We continue to utilize significant capital to upgrade equipment, improve facilities, and reduce operational, safety and environmental risks. In connection with the Paulsboro and Torrance acquisitions, we assumed certain significant environmental obligations, and may similarly do so in future acquisitions. We will likely incur substantial compliance costs in connection with new or changing environmental, health and safety regulations. See Management s Discussion and Analysis of Financial Condition of PBF LLC included elsewhere in this prospectus. Our liquidity condition will affect our ability to satisfy any and all of these needs or obligations.

We may not be able to obtain funding on acceptable terms or at all because of volatility and uncertainty in the credit and capital markets. This may hinder or prevent us from meeting our future capital needs.

In the past, global financial markets and economic conditions have been, and may again be, subject to disruption and volatile due to a variety of factors, including uncertainty in the financial services sector, low consumer confidence, falling commodity prices, geopolitical issues and the generally weak economic conditions. In addition, the fixed income markets have experienced periods of extreme volatility that have negatively impacted market liquidity conditions. As a result, the cost of raising money in the debt and equity capital markets has increased substantially at times while the availability of funds from those markets diminished significantly. In particular, as a result of concerns about the stability of financial markets generally, which may be subject to unforeseen disruptions, the cost of obtaining money from the credit markets may increase as many lenders and institutional investors increase interest rates, enact tighter lending standards, refuse to refinance existing debt on similar terms or at all and reduce or, in some cases, cease to provide funding to borrowers. Due to these factors, we cannot be certain that new debt or equity financing will be available on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due. Moreover, without adequate funding, we may be unable to execute our growth strategy, complete future acquisitions, take advantage of other business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our revenues and results of operations.

Competition from companies who produce their own supply of feedstocks, have extensive retail outlets, make alternative fuels or have greater financial and other resources than we do could materially and adversely affect our business and results of operations.

Our refining operations compete with domestic refiners and marketers in regions of the United States in which we operate, as well as with domestic refiners in other regions and foreign refiners that import products into the United States. In addition, we compete with other refiners, producers and marketers in other industries that supply their own renewable fuels or alternative forms of energy and fuels to satisfy the requirements of our industrial, commercial and individual consumers. Certain of our competitors have larger and more complex refineries, and may be able to realize lower per-barrel costs or higher margins per barrel of throughput. Several of our principal competitors are integrated national or international oil companies that are larger and have substantially greater resources than we do and access to proprietary sources of controlled crude oil production. Unlike these competitors, we obtain substantially all of our feedstocks from unaffiliated sources. We are not engaged in the petroleum exploration and production business and therefore do not produce any of our crude oil feedstocks. We do not have a retail business and therefore are dependent upon others for outlets for our refined products. Because of their integrated operations and larger capitalization, these companies may be more flexible in responding to volatile industry or market conditions, such as shortages of crude oil supply and other feedstocks or intense price fluctuations.

Newer or upgraded refineries will often be more efficient than our refineries, which may put us at a competitive disadvantage. We have taken significant measures to maintain our refineries including the installation of new equipment and redesigning older equipment to improve our operations. However, these actions involve significant uncertainties, since upgraded equipment may not perform at expected throughput levels, the yield and product quality of new equipment may differ from design specifications and modifications may be needed to correct equipment that does not perform as expected. Any of these risks associated with new equipment, redesigned older equipment or repaired equipment could lead to lower revenues or higher costs or otherwise have an adverse effect on future results of operations and financial condition. Over time, our refineries or certain refinery units may become obsolete, or be unable to compete, because of the construction of new, more efficient facilities by our competitors.

Any political instability, military strikes, sustained military campaigns, terrorist activity, or changes in foreign policy could have a material adverse effect on our business, results of operations and financial condition.

Any political instability, military strikes, sustained military campaigns, terrorist activity, or changes in foreign policy in areas or regions of the world where we acquire crude oil and other raw materials or sell our refined petroleum products may affect our business in unpredictable ways, including forcing us to increase security measures and causing disruptions of supplies and distribution markets. We may also be subject to United States trade and economic sanctions laws, which change frequently as a result of foreign policy developments, and which may necessitate changes to our crude oil acquisition activities. Further, like other industrial

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companies, our facilities may be the target of terrorist activities. Any act of war or terrorism that resulted in damage to any of our refineries or third-party facilities upon which we are dependent for our business operations could have a material adverse effect on our business, results of operations and financial condition.

Economic turmoil in the global financial system may in the future have an adverse impact on the refining industry.

Our business and profitability are affected by the overall level of demand for our products, which in turn is affected by factors such as overall levels of economic activity and business and consumer confidence and spending. In the past, declines in global economic activity and consumer and business confidence and spending significantly reduced the level of demand for our products. Reduced demand for our products may have an adverse impact on our business, financial condition, results of operations and cash flows. In addition, downturns in the economy impact the demand for refined fuels and, in turn, result in excess refining capacity. Refining margins are impacted by changes in domestic and global refining capacity, as increases in refining capacity can adversely impact refining margins, earnings and cash flows.

Our business is indirectly exposed to risks faced by our suppliers, customers and other business partners. The impact on these constituencies of the risks posed by economic turmoil in the global financial system could include interruptions or delays in the performance by counterparties to our contracts, reductions and delays in customer purchases, delays in or the inability of customers to obtain financing to purchase our products and the inability of customers to pay for our products. Any of these events may have an adverse impact on our business, financial condition, results of operations and cash flows.

We must make substantial capital expenditures on our operating facilities to maintain their reliability and efficiency. If we are unable to complete capital projects at their expected costs and/or in a timely manner, or if the market conditions assumed in our project economics deteriorate, our financial condition, results of operations or cash flows could be materially and adversely affected.

Delays or cost increases related to capital spending programs involving engineering, procurement and construction of new facilities (or improvements and repairs to our existing facilities and equipment, including turnarounds) could adversely affect our ability to achieve targeted internal rates of return and operating results. Such delays or cost increases may arise as a result of unpredictable factors in the marketplace, many of which are beyond our control, including:

- denial or delay in obtaining regulatory approvals and/or permits;
- unplanned increases in the cost of construction materials or labor;
- disruptions in transportation of modular components and/or construction materials;
- severe adverse weather conditions, natural disasters or other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of vendors and suppliers;

- shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages;

- market-related increases in a project s debt or equity financing costs; and/or

- non-performance or force majeure by, or disputes with, vendors, suppliers, contractors or sub-contractors involved with a project.

Our refineries contain many processing units, a number of which have been in operation for many years. Equipment, even if properly maintained, may require significant capital expenditures and expenses to keep it operating at optimum efficiency. One or more of the units may require unscheduled downtime for unanticipated maintenance or repairs that are more frequent than our scheduled turnarounds for such units. Scheduled and unscheduled maintenance could reduce our revenues during the period of time that the units are not operating.

Our forecasted internal rates of return are also based upon our projections of future market fundamentals, which are not within our control, including changes in general economic conditions, available alternative supply and customer demand. Any one or more of these factors could have a significant impact on our business. If we were unable to make up the delays associated with such factors or to recover the related costs, or if market conditions change, it could materially and adversely affect our financial position, results of operations or cash flows.

Acquisitions that we may undertake in the future involve a number of risks, any of which could cause us not to realize the anticipated benefits.

We may not be successful in acquiring additional assets, and any acquisitions that we do consummate may not produce the anticipated benefits or may have adverse effects on our business and operating results. We may selectively consider strategic acquisitions in the future within the refining and mid-stream sector based on performance through the cycle, advantageous access to crude oil supplies, attractive refined products market fundamentals and access to distribution and logistics infrastructure. Our ability to do so will be dependent upon a number of factors, including our ability to identify acceptable acquisition candidates, consummate acquisitions on acceptable terms, successfully integrate acquired assets and obtain financing to fund acquisitions and to support our growth and many other factors beyond our control. Risks associated with acquisitions include those relating to the diversion of management time and attention from our existing business, liability for known or unknown environmental conditions or other contingent liabilities and greater than anticipated expenditures required for compliance with environmental, safety or other regulatory standards or for investments to improve operating results, and the incurrence of additional indebtedness to finance acquisitions or capital expenditures relating to acquired assets. We may also enter into transition services agreements in the future with sellers of any additional refineries we acquire. Such services may not be performed timely and effectively, and any significant disruption in such transition services or unanticipated costs related to such services could adversely affect our business and results of operations. In addition, it is likely that, when we acquire refineries, we will not have access to the type of historical financial information that we will require regarding the prior operation of the refineries. As a result, it may be difficult for investors to evaluate the probable impact of significant acquisitions on our financial performance until we have operated the acquired refineries for a substantial period of time.

Our business may suffer if any of our senior executives or other key employees discontinues employment with us. Furthermore, a shortage of skilled labor or disruptions in our labor force may make it difficult for us to maintain labor productivity.

Our future success depends to a large extent on the services of our senior executives and other key employees. Our business depends on our continuing ability to recruit, train and retain highly qualified employees in all areas of our operations, including engineering, accounting, business operations, finance and other key back-office and mid-office personnel. Furthermore, our operations require skilled and experienced employees with proficiency in multiple tasks. The competition for these employees is intense, and the loss of these executives or employees could harm our business. If any of these executives or other key personnel resigns or becomes unable to continue in his or her present role and is not adequately replaced, our business operations could be materially adversely affected.

A portion of our workforce is unionized, and we may face labor disruptions that would interfere with our operations.

At Delaware City, Toledo, Chalmette and Torrance, most hourly employees are covered by a collective bargaining agreement through the United Steel Workers (USW). The agreements with the USW covering Delaware City, Chalmette and Torrance are scheduled to expire in January 2019 and the agreement with the USW covering Toledo is scheduled to expire in February 2019. Similarly, at Paulsboro hourly employees are represented by the Independent

Oil Workers (IOW) under a contract scheduled to expire in March 2019. Future negotiations after 2019 may result in labor unrest for which a strike or work stoppage is possible. Strikes and/or work stoppages could negatively affect our operational and financial results and may increase operating expenses at the refineries.

Our commodity derivative activities could result in period-to-period earnings volatility.

We do not currently apply hedge accounting to all of our commodity derivative contracts and, as a result, unrealized gains and losses will be charged to our earnings based on the increase or decrease in the market value of such unsettled positions. These gains and losses may be reflected in our income statement in periods that differ from when the settlement of the underlying hedged items are reflected in our income statement. Such derivative gains or losses in earnings may produce significant period-to-period earnings volatility that is not necessarily reflective of our underlying operational performance.

The adoption of derivatives legislation by the United States Congress could have an adverse effect on our ability to use derivatives contracts to reduce the effect of commodity price, interest rate and other risks associated with our business.

The United States Congress in 2010 passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, which, among other things, established federal oversight and regulation of the over-the-counter derivatives market and entities that participate in that market. In connection with the Dodd-Frank Act, the Commodity Futures Trading Commission, or the CFTC, has proposed rules to set position limits for certain futures and option contracts, and for swaps that are their economic equivalent, in the major energy markets. The legislation and related regulations may also require us to comply with margin requirements, and with certain clearing and trade-execution requirements if we are in scope and do not otherwise satisfy certain specific exceptions. The legislation and related regulations could significantly increase the cost of derivatives contracts (including through requirements to post collateral), materially alter the terms of derivatives contracts, reduce the availability of derivatives to protect against risks we encounter and reduce our ability to monetize or restructure our existing derivatives contracts. If we reduce our use of derivatives as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Any of these consequences could have a material adverse effect on us, our financial condition and our results of operations.

We may incur significant liability under, or costs and capital expenditures to comply with, environmental and health and safety regulations, which are complex and change frequently.

Our operations are subject to federal, state and local laws regulating, among other things, the use and/or handling of petroleum and other regulated materials, the emission and discharge of materials into the environment, waste management, and remediation of discharges of petroleum and petroleum products, characteristics and composition of gasoline and distillates and other matters otherwise relating to the protection of the environment and the health and safety of the surrounding community. For example, the SCAQMD is currently considering further regulations on, or potentially banning the use of modified hydrofluoric acid, also known as MHF, in Southern California. We utilize MHF as an alkylation catalyst in the manufacturing of gasoline at our Torrance refinery. If MHF usage is limited or restricted by the SCAQMD, our current Torrance refinery operations would be adversely affected, which could have a material adverse effect on our business, financial condition, cash flows and results of operations. Our operations are also subject to extensive laws and regulations relating to occupational health and safety.

We cannot predict what additional environmental, health and safety legislation or regulations may be adopted in the future, or how existing or future laws or regulations may be administered or interpreted with respect to our operations. Many of these laws and regulations have become increasingly stringent over time, and the cost of compliance with these requirements can be expected to increase over time.

Certain environmental laws impose strict, and in certain circumstances, joint and several, liability for costs of investigation and cleanup of spills, discharges or releases on owners and operators of, as well as persons who

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arrange for treatment or disposal of regulated materials at, contaminated sites. Under these laws, we may incur liability or be required to pay penalties for past contamination, and third parties may assert claims against us for damages allegedly arising out of any past or future contamination. The potential penalties and clean-up costs for past or future spills, discharges or releases, the failure of prior owners of our facilities to complete their clean-up obligations, the liability to third parties for damage to their property, or the need to address newly-discovered information or conditions that may require a response could be significant, and the payment of these amounts could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Environmental clean-up and remediation costs of our sites and environmental litigation could decrease our net cash flow, reduce our results of operations and impair our financial condition.

We are subject to liability for the investigation and clean-up of environmental contamination at each of the properties that we own or operate and at off-site locations where we arrange for the treatment or disposal of regulated materials. We may become involved in litigation or other proceedings related to the foregoing. If we were to be held responsible for damages in any such litigation or proceedings, such costs may not be covered by insurance and may be material. Historical soil and groundwater contamination has been identified at each of our refineries. Currently, remediation projects for such contamination are underway in accordance with regulatory requirements at our refineries. In connection with the acquisitions of certain of our refineries and logistics assets, the prior owners have retained certain liabilities or indemnified us for certain liabilities, including those relating to pre-acquisition soil and groundwater conditions, and in some instances we have assumed certain liabilities and environmental obligations, including certain existing and potential remediation obligations. If the prior owners fail to satisfy their obligations for any reason, or if significant liabilities arise in the areas in which we assumed liability, we may become responsible for remediation expenses and other environmental liabilities, which could have a material adverse effect on our business, financial condition, results of operations and cash flow. As a result, in addition to making capital expenditures or incurring other costs to comply with environmental laws, we also may be liable for significant environmental litigation or for investigation and remediation costs and other liabilities arising from the ownership or operation of these assets by prior owners, which could materially adversely affect our business, financial condition, results of operations and cash flow. See Management s Discussion and Analysis of Financial Condition and Results of Operations of PBF LLC Contractual Obligations and Commitments and Business of PBF LLC Environmental, Health and Safety Matters included elsewhere in this prospectus.

We may also face liability arising from current or future claims alleging personal injury or property damage due to exposure to chemicals or other regulated materials, such as asbestos, benzene, silica dust and petroleum hydrocarbons, at or from our facilities. We may also face liability for personal injury, property damage, natural resource damage or clean-up costs for the alleged migration of contamination from our properties. A significant increase in the number or success of these claims could materially adversely affect our business, financial condition, results of operations and cash flow.

Our operations could be disrupted if our critical information systems are hacked or fail, causing increased expenses and loss of sales.

Our business is highly dependent on financial, accounting and other data processing systems and other communications and information systems, including our enterprise resource planning tools. We process a large number of transactions on a daily basis and rely upon the proper functioning of computer systems. If a key system was hacked or otherwise interfered with by an unauthorized access, or was to fail or experience unscheduled downtime for any reason, even if only for a short period, our operations and financial results could be affected adversely. Our systems could be damaged or interrupted by a security breach, cyber-attack, fire, flood, power loss, telecommunications failure or similar event. We have a formal disaster recovery plan in place, but this plan may not prevent delays or other complications that could arise from an information systems failure. Further, our business interruption insurance may not compensate us adequately for losses that may occur. Finally, federal legislation relating to cyber-security threats could impose additional requirements on our operations.

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Product liability claims and litigation could adversely affect our business and results of operations.

Product liability is a significant commercial risk. Substantial damage awards have been made in certain jurisdictions against manufacturers and resellers based upon claims for injuries and property damage caused by the use of or exposure to various products. Failure of our products to meet required specifications or claims that a product is inherently defective could result in product liability claims from our shippers and customers, and also arise from contaminated or off-specification product in commingled pipelines and storage tanks and/or defective fuels. Product liability claims against us could have a material adverse effect on our business or results of operations.

Climate change could have a material adverse impact on our operations and adversely affect our facilities.

Some scientists have concluded that increasing concentrations of GHGs in the Earth s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events. We believe the issue of climate change will likely continue to receive scientific and political attention, with the potential for further laws and regulations that could materially adversely affect our ongoing operations.

In addition, as many of our facilities are located near coastal areas, rising sea levels may disrupt our ability to operate those facilities or transport crude oil and refined petroleum products. Extended periods of such disruption could have an adverse effect on our results of operation. We could also incur substantial costs to protect or repair these facilities.

Renewable fuels mandates may reduce demand for the refined fuels we produce, which could have a material adverse effect on our results of operations and financial condition. The market prices for RINs have been volatile and may harm our profitability.

Pursuant to the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007, the EPA has issued Renewable Fuel Standards, or RFS, implementing mandates to blend renewable fuels into the petroleum fuels produced and sold in the United States. Under RFS, the volume of renewable fuels that obligated refineries must blend into their finished petroleum fuels increases annually over time until 2022. In addition, certain states have passed legislation that requires minimum biodiesel blending in finished distillates. On October 13, 2010, the EPA raised the maximum amount of ethanol allowed under federal law from 10% to 15% for cars and light trucks manufactured since 2007. The maximum amount allowed under federal law currently remains at 10% ethanol for all other vehicles. Existing laws and regulations could change, and the minimum volumes of renewable fuels that must be blended with refined petroleum fuels may increase. Because we do not produce renewable fuels, increasing the volume of renewable fuels that must be blended into our products displaces an increasing volume of our refinery s product pool, potentially resulting in lower earnings and profitability. In addition, in order to meet certain of these and future EPA requirements, we may be required to purchase renewable fuel credits, known as RINS, which may have fluctuating costs. We have seen a fluctuation in the cost of RINs required for compliance with the RFS. We incurred approximately $293.7 million in RINs costs during the year ended December 31, 2017, as compared to $347.5 million and $171.6 million during the years ended December 31, 2016 and 2015, respectively. The fluctuations in our RINs costs are due primarily to volatility in prices for ethanol-linked RINs and increases in our production of on-road transportation fuels since 2012. Our RINs purchase obligation is dependent on our actual shipment of on-road transportation fuels domestically and the amount of blending achieved which can cause variability in our profitability.

Our pipelines are subject to federal and/or state regulations, which could reduce profitability and the amount of cash we generate.

Our transportation activities are subject to regulation by multiple governmental agencies. The regulatory burden on the industry increases the cost of doing business and affects profitability. Additional proposals and proceedings that affect the oil industry are regularly considered by Congress, the states, the Federal Energy Regulatory Commission, the United States Department of Transportation, and the courts. We cannot predict when or whether any such proposals may become effective or what impact such proposals may have. Projected operating costs related to our pipelines reflect the recurring costs resulting from compliance with these regulations, and these costs may increase due to future acquisitions, changes in regulation, changes in use, or discovery of existing but unknown compliance issues.

We are subject to strict laws and regulations regarding employee and process safety, and failure to comply with these laws and regulations could have a material adverse effect on our results of operations, financial condition and profitability.

We are subject to the requirements of the Occupational Safety & Health Administration, or OSHA, and comparable state statutes that regulate the protection of the health and safety of workers. In addition, OSHA requires that we maintain information about hazardous materials used or produced in our operations and that we provide this information to employees, state and local governmental authorities, and local residents. Failure to comply with OSHA requirements, including general industry standards, process safety standards and control of occupational exposure to regulated substances, could have a material adverse effect on our results of operations, financial condition and the cash flows of the business if we are subjected to significant fines or compliance costs.

Compliance with and changes in tax laws could adversely affect our performance.

We are subject to extensive tax liabilities, including federal, state, local and foreign taxes such as income, excise, sales/use, payroll, franchise, property, gross receipts, withholding and ad valorem taxes. New tax laws and regulations and changes in existing tax laws and regulations are continuously being enacted or proposed that could result in increased expenditures for tax liabilities in the future. These liabilities are subject to periodic audits by the respective taxing authorities, which could increase our tax liabilities. Subsequent changes to our tax liabilities as a result of these audits may also subject us to interest and penalties. There can be no certainty that our federal, state, local or foreign taxes could be passed on to our customers.

Furthermore, the Tax Cut and Jobs Act (TCJA) that was enacted on December 22, 2017 made significant permanent and temporary amendments to the Internal Revenue Code of 1986, including a reduction in corporate income taxes, elimination of the corporate minimum tax, the immediate expensing of certain capital investments, allowing for an indefinite carryforward of tax net operating losses incurred in tax years beginning after December 31, 2017 and fundamentally changing the taxation of multinational entities. Additionally, the TCJA potentially limits the amount of interest expense currently deductible, provides for a transition tax for previously unrepatriated foreign earnings, provides for current taxation of certain foreign income, a minimum tax on low-taxed foreign earnings, and new measures to deter base erosion. Certain of the amendments included in the TCJA may adversely affect our business, result of operations and financial condition. Although we are currently evaluating the impact of the TCJA on our business, significant uncertainty exists with respect to how the TCJA will ultimately affect our business. Some of the uncertainty will not be resolved until clarifying Treasury regulations are promulgated or other relevant authoritative guidance is published.

Changes in accounting standards issued by the FASB could have a material effect on our balance sheet, revenue and result of operations, and could require a significant expenditure of time, attention and resources, especially by senior management.

Our accounting and financial reporting policies conform to GAAP, which are periodically revised and/or expanded. The application of accounting principles is also subject to varying interpretations over time. Accordingly, we are required to adopt new or revised accounting standards or comply with revised interpretations that are issued from time to time by various parties, including accounting standard setters and those who interpret the standards, such as the

FASB and the SEC and our independent registered public accounting firm. Such new financial accounting standards may result in significant changes that could adversely affect our business, financial condition, cash flow and results of operations.

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Refer to Note 2 Summary of Significant Accounting Policies to our consolidated financial statements included elsewhere in this prospectus for further discussion of new accounting standards, including the implementation status and potential impact to our consolidated financial statements.

Changes in our credit profile could adversely affect our business.

Changes in our credit profile could affect the way crude oil suppliers view our ability to make payments and induce them to shorten the payment terms for our purchases or require us to post security or letters of credit prior to payment. Due to the large dollar amounts and volume of our crude oil and other feedstock purchases, any imposition by our suppliers of more burdensome payment terms on us may have a material adverse effect on our liquidity and our ability to make payments to our suppliers. This, in turn, could cause us to be unable to operate one or more of our refineries at full capacity.

Changes in laws or standards affecting the transportation of North American crude oil by rail could significantly impact our operations, and as a result cause our costs to increase.

Investigations into past rail accidents involving the transport of crude oil have prompted government agencies and other interested parties to call for increased regulation of the transport of crude oil by rail including in the areas of crude oil constituents, rail car design, routing of trains and other matters. Regulation governing shipments of petroleum crude oil by rail requires shippers to properly test and classify petroleum crude oil and further requires shippers to treat Class 3 petroleum crude oil transported by rail in tank cars as a Packing Group I or II hazardous material only. The DOT issued additional rules and regulations that require rail carriers to provide certain notifications to State agencies along routes utilized by trains over a certain length carrying crude oil, enhance safety training standards under the Rail Safety Improvement Act of 2008, require each railroad or contractor to develop and submit a training program to perform regular oversight and annual written reviews and establish enhanced tank car standards and operational controls for high-hazard flammable trains. These rules and any further changes in law, regulations or industry standards that require us to reduce the volatile or flammable constituents in crude oil that is transported by rail, alter the design or standards for rail cars we use, change the routing or scheduling of trains carrying crude oil, or any other changes that detrimentally affect the economics of delivering North American crude oil by rail to our, or subsequently to third party, refineries, could increase our costs, which could have a material adverse effect on our financial condition, results of operations, cash flows and our ability to service our indebtedness.

We could incur substantial costs or disruptions in our business if we cannot obtain or maintain necessary permits and authorizations or otherwise comply with health, safety, environmental and other laws and regulations.

Our operations require numerous permits and authorizations under various laws and regulations. These authorizations and permits are subject to revocation, renewal or modification and can require operational changes to limit impacts or potential impacts on the environment and/or health and safety. A violation of authorization or permit conditions or other legal or regulatory requirements could result in substantial fines, criminal sanctions, permit revocations, injunctions, and/or facility shutdowns. In addition, major modifications of our operations could require modifications to our existing permits or upgrades to our existing pollution control equipment. Any or all of these matters could have a negative effect on our business, results of operations and cash flows.

We may incur significant liability under, or costs and capital expenditures to comply with, environmental and health and safety regulations, which are complex and change frequently.

Our operations are subject to federal, state and local laws regulating, among other things, the handling of petroleum and other regulated materials, the emission and discharge of materials into the environment, waste management, and remediation of discharges of petroleum and petroleum products, characteristics and composition of gasoline and distillates and other matters otherwise relating to the protection of the environment. Our operations are also subject to extensive laws and regulations relating to occupational health and safety.

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We cannot predict what additional environmental, health and safety legislation or regulations may be adopted in the future, or how existing or future laws or regulations may be administered or interpreted with respect to our operations. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance with these requirements can be expected to increase over time.

Certain environmental laws impose strict, and in certain circumstances joint and several liability for, costs of investigation and cleanup of such spills, discharges or releases on owners and operators of, as well as persons who arrange for treatment or disposal of regulated materials at contaminated sites. Under these laws, we may incur liability or be required to pay penalties for past contamination, and third parties may assert claims against us for damages allegedly arising out of any past or future contamination. The potential penalties and clean-up costs for past or future releases or spills, the failure of prior owners of our facilities to complete their clean-up obligations, the liability to third parties for damage to their property, or the need to address newly-discovered information or conditions that may require a response could be significant, and the payment of these amounts could have a material adverse effect on our business, financial condition and results of operations.

Our operating results are seasonal and generally lower in the first and fourth quarters of the year for our refining operations. We depend on favorable weather conditions in the spring and summer months.

Demand for gasoline products is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and construction work. Varying vapor pressure requirements between the summer and winter months also tighten summer gasoline supply. As a result, the operating results of our refining segment are generally lower for the first and fourth quarters of each year.

We may not be able to successfully integrate the Torrance refinery or future acquisitions into our business, or realize the anticipated benefits of these acquisitions.

Following the completion of the Torrance Acquisition (as defined in Management s Discussion and Analysis of Financial Condition and Results of Operations of PBF LLC included elsewhere in this prospectus), the integration of this business into our operations may be a complex and time-consuming process that may not be successful. Prior to the completion of the Torrance Acquisition we did not have any operations in the West Coast. This may add complexity to effectively overseeing, integrating and operating this refinery and related assets. Even if we successfully integrate this business into our operations, there can be no assurance that we will realize the anticipated benefits and operating synergies. Our estimates regarding the earnings, operating cash flow, capital expenditures and liabilities resulting from this acquisition or future acquisitions may prove to be incorrect. This acquisition involves risks, including:

- unexpected losses of key employees, customers and suppliers of the acquired operations;

- challenges in managing the increased scope, geographic diversity and complexity of our operations;

- diversion of management time and attention from our existing business;

liability for known or unknown environmental conditions or other contingent liabilities and greater than anticipated expenditures required for compliance with environmental, safety or other regulatory standards or for investments to improve operating results; and

the incurrence of additional indebtedness to finance acquisitions or capital expenditures relating to acquired assets.

In connection with our Torrance Acquisition and with future acquisitions, we did not and may not have access to the type of historical financial information that we may require regarding the prior operation of the refinery. As a result, it may be difficult for investors to evaluate the probable impact of this significant acquisition or future acquisitions on our financial performance until we have operated the acquired refinery for a substantial period of time.

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Risks Related to Our Indebtedness

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under our indebtedness.

Our indebtedness may significantly affect our financial flexibility in the future. As of December 31, 2017, we have total debt of $2,226.1 million, excluding deferred debt issuance costs of $34.5 million and our Intercompany Note Payable, and we could incur an additional $1,195.7 million under our credit facilities. We may incur additional indebtedness in the future. Our strategy includes executing future refinery and logistics acquisitions. Any significant acquisition would likely require us to incur additional indebtedness in order to finance all or a portion of such acquisition. The level of our indebtedness has several important consequences for our future operations, including that:

- a portion of our cash flow from operations will be dedicated to the payment of principal of, and interest on, our indebtedness and will not be available for other purposes;
- under certain circumstances, covenants contained in our existing debt arrangements limit our ability to borrow additional funds, dispose of assets and make certain investments;
- in certain circumstances, these covenants also require us to meet or maintain certain financial tests, which may affect our flexibility in planning for, and reacting to, changes in our industry, such as being able to take advantage of acquisition opportunities when they arise;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate and other purposes may be limited; and
- we may be at a competitive disadvantage to those of our competitors that are less leveraged; and we may be more vulnerable to adverse economic and industry conditions.

Our indebtedness increases the risk that we may default on our debt obligations, certain of which contain cross-default and/or cross-acceleration provisions. Our and our subsidiaries ability to meet future principal obligations will be dependent upon our future performance, which in turn will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our operations, many of which are beyond our control. Our business may not continue to generate sufficient cash flow from operations to repay our indebtedness. If we are unable to generate sufficient cash flow from operations, we may be required to sell assets, to refinance all or a portion of our indebtedness or to obtain additional financing. Refinancing may not be possible and additional financing may not be available on commercially acceptable terms, or at all.

Despite our level of indebtedness, we and our subsidiaries may be able to incur substantially more debt, which could exacerbate the risks described above.

We and our subsidiaries may be able to incur additional indebtedness in the future including additional secured or unsecured debt. Although our debt instruments and financing arrangements contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. To the extent new debt is added to our currently anticipated debt levels, the leverage risks described above would increase. Also, these restrictions do not prevent us from incurring obligations that do not constitute indebtedness.

Restrictive covenants in our debt instruments may limit our ability to undertake certain types of transactions.

Various covenants in our debt instruments and other financing arrangements may restrict our and our subsidiaries financial flexibility in a number of ways. Our indebtedness subjects us to financial and other restrictive covenants, including restrictions on our ability to incur additional indebtedness, place liens upon assets, pay dividends or make certain other restricted payments and investments, consummate certain asset sales or asset swaps, conduct businesses other than our current businesses, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets. Some of these debt instruments also require our subsidiaries to satisfy or maintain certain financial tests in certain circumstances. Our subsidiaries ability to meet these financial tests can be affected by events beyond our control and they may not meet such tests.

Provisions in our indentures could discourage an acquisition of us by a third party.

Certain provisions of our indentures could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a change in control as described in the indentures, holders of our notes could require us to repurchase all outstanding notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, at the date of repurchase.

Our future credit ratings could adversely affect our ability to obtain credit in the future.

Our Senior Notes (as defined below) are rated BB by Standard & Poor s Rating Services and B1 by Moody s Investors Service. Any adverse effect on our credit rating may increase our cost of borrowing or hinder our ability to raise financing in the capital markets, which would impair our ability to grow our business and make cash distributions to our shareholders.

Risks Related to Our Organizational Structure

PBF Energy is the managing member of us, and its only material asset is its interest in us. Accordingly, PBF Energy depends upon distributions from us and its subsidiaries to pay its taxes, meet its other obligations and/or pay dividends in the future.

PBF Energy is a holding company and all of its operations are conducted through our subsidiaries. PBF Energy has no independent means of generating revenue and no material assets other than its ownership interest in us. PBF Energy and we depend on the earnings and cash flow of our subsidiaries to meet our obligations, including our indebtedness, tax liabilities and obligations to make payments under a tax receivable agreement entered into with PBF LLC Series A and PBF LLC Series B Unit holders (the Tax Receivable Agreement). If PBF Energy or we do not receive such cash distributions, dividends or other payments from our subsidiaries, PBF Energy and we may be unable to meet our obligations and/or pay dividends.

PBF Energy, as the sole managing member of us, may cause us to make distributions to its members in an amount sufficient to enable it to cover all applicable taxes at assumed tax rates, to make payments owed by it under the Tax Receivable Agreement, and to pay other obligations and dividends, if any, declared by PBF Energy. To the extent we need funds and any of our subsidiaries is restricted from making such distributions under applicable law or regulation or under the terms of our financing or other contractual arrangements, or is otherwise unable to provide such funds, such restrictions could materially adversely affect our liquidity and financial condition.

The PBF Holding asset based revolving credit agreement (the Revolving Loan), the PBF Holding 7.00% senior notes due 2023 (the 2023 Senior Notes), the PBF Holding 7.25% senior notes due 2025 (the 2025 Senior Notes and together with the 2023 Senior Notes, the Senior Notes), and certain of our other outstanding debt arrangements include a restricted payment covenant, which restricts the ability of PBF Holding to make distributions to us, and we anticipate our future debt will contain a similar restriction. PBFX s five year $360.0 million revolving credit facility (the PBFX Revolving Credit Facility) and PBFX s indenture governing its PBFX 2023 Senior Notes (as defined in Management s Discussion and Analysis of Financial Condition and Results of Operations of PBF LLC included elsewhere in this prospectus) also contain covenants that limit or restrict PBFX s ability and the ability of its restricted subsidiaries to make distributions and other restricted payments and restrict PBFX s ability to incur liens and enter into burdensome agreements. In addition, there may be restrictions on payments by our subsidiaries under applicable laws, including laws that require companies to

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maintain minimum amounts of capital and to make payments to stockholders only from profits. For example, PBF Holding is generally prohibited under Delaware law from making a distribution to a member to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of the limited liability company (with certain exceptions) exceed the fair value of its assets, and PBFX is subject to a similar prohibition. As a result, we may be unable to obtain that cash to satisfy our obligations.

We have obligations to make tax distributions to our members and these amounts could be material.

We are required to make periodic tax distributions to our members, including PBF Energy, prorated in accordance with their respective percentage interests, subject to the terms and conditions of its limited liability company agreement. These amounts could be material to us.

Our members may have influence or control over us.

The interests of our members may not in all cases be aligned. For example, members may have different tax positions which could influence their positions, including regarding whether and when we dispose of assets and whether and when we incur new or refinance existing indebtedness, especially in light of the existence of the Tax Receivable Agreement. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to us. See Certain Relationships and Related Transactions of PBF LLC PBF Energy IPO Related Agreements in this section of the prospectus.

Under the Tax Receivable Agreement, PBF Energy is required to pay the former and current holders of PBF LLC Series A Units and PBF LLC Series B Units for certain realized or assumed tax benefits PBF Energy may claim arising in connection with prior offerings and future exchanges of PBF LLC Series A Units for shares of its Class A common stock and related transactions. The indentures governing the Senior Notes allow us, under certain circumstances, to make distributions sufficient for PBF Energy to pay its obligations arising from the Tax Receivable Agreement, and such amounts are expected to be substantial.

PBF Energy entered into the Tax Receivable Agreement that provides for the payment from time to time (On-Going Payments) by PBF Energy to the former and current holders of PBF LLC Series A Units and PBF LLC Series B Units for certain tax benefits it may claim arising in connection with its prior offerings and future exchanges of PBF LLC Series A Units for shares of its Class A common stock and related transactions, and the amounts it may pay could be significant.

PBF Energy s payment obligations under the Tax Receivable Agreement are PBF Energy s obligations and not obligations of ours, PBFX, PBF Holding, PBF Finance Corporation, or any of their respective subsidiaries. However, because PBF Energy is primarily a holding company with limited operations of its own, its ability to make payments under the Tax Receivable Agreement is dependent on our ability to make future distributions to it. For example, the indentures governing the Senior Notes allows our subsidiaries to make tax distributions (as defined in the indenture), and it is expected that PBF Energy s share of these tax distributions will be in amounts sufficient to allow PBF Energy to make On-Going Payments. The indentures governing the Senior Notes also allows us to make a distribution sufficient to allow PBF Energy to make any payments required under the Tax Receivable Agreement upon a change in control, so long as we offer to purchase all of the Senior Notes outstanding at a price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any. If PBF Energy s share of the distributions it receives under these specific provisions of the indentures governing the Senior Notes are insufficient to satisfy its obligations under the Tax Receivable Agreement, PBF Energy may cause us to make distributions in accordance with other provisions of the indentures governing the Senior Notes in order to satisfy such obligations. In any case, based on our estimates of PBF Energy s obligations under the Tax Receivable Agreement, the amount of our distributions on account of PBF Energy s obligations under the Tax Receivable Agreement are expected to be substantial.

For example, with respect to On-Going Payments, assuming no material changes in the relevant tax law, and that PBF Energy earns sufficient taxable income to realize all tax benefits that are subject to the Tax Receivable

Agreement, we expect that On-Going Payments by PBF Energy under the Tax Receivable Agreement relating to exchanges that occurred prior to December 31, 2017 to aggregate $362.1 million and to range over the next 5 years from approximately $30.0 million to $65.0 million per year and decline thereafter. Further On-Going Payments by PBF Energy in respect of subsequent exchanges of PBF LLC Series A Units would be in addition to these amounts and are expected to be substantial as well. With respect to the change of control payment, assuming that the market value of a share of PBF Energy s Class A common stock equals $35.45 per share of Class A common stock (the closing price on December 31, 2017) and that LIBOR were to be 1.85%, we estimate as of December 31, 2017 that the aggregate amount of these accelerated payments would have been approximately $357.1 million if triggered immediately on such date. PBF Holding s existing indebtedness may limit its ability to make distributions to us, and in turn to PBF Energy to pay these obligations. These provisions may deter a potential sale of us to a third party and may otherwise make it less likely a third party would enter into a change of control transaction with PBF Energy or us.

The foregoing numbers are merely estimates the actual payments could differ materially. For example, it is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding payments. Moreover, payments under the Tax Receivable Agreement will be based on the tax reporting positions that PBF Energy determines in accordance with the Tax Receivable Agreement. Neither PBF Energy nor any of its subsidiaries will be reimbursed for any payments previously made under the Tax Receivable Agreement if the Internal Revenue Service subsequently disallows part or all of the tax benefits that gave rise to such prior payments.

Risks Related to Our Ownership of PBFX

We depend upon PBFX for a substantial portion of our refineries logistics needs and have obligations for minimum volume commitments in our commercial agreements with PBFX.

We depend on PBFX to receive, handle, store and transfer crude oil, petroleum products and natural gas for us from our operations and sources located throughout the United States and Canada in support of certain of our refineries under long-term, fee-based commercial agreements with our subsidiaries. These commercial agreements have an initial term of approximately seven to ten years and generally include minimum quarterly commitments and inflation escalators. If we fail to meet the minimum commitments during any calendar quarter, we will be required to make a shortfall payment quarterly to PBFX equal to the volume of the shortfall multiplied by the applicable fee.

PBFX s operations are subject to all of the risks and operational hazards inherent in receiving, handling, storing and transferring crude oil, petroleum products and natural gas, including: damages to its facilities, related equipment and surrounding properties caused by floods, fires, severe weather, explosions and other natural disasters and acts of terrorism; mechanical or structural failures at PBFX s facilities or at third-party facilities on which its operations are dependent; curtailments of operations relative to severe seasonal weather; inadvertent damage to our facilities from construction, farm and utility equipment; and other hazards. Any of these events or factors could result in severe damage or destruction to PBFX s assets or the temporary or permanent shut-down of PBFX s facilities. If PBFX is unable to serve our logistics needs, our ability to operate our refineries and receive crude oil and distribute products could be adversely impacted, which could adversely affect our business, financial condition and results of operations.

In addition, as of December 31, 2017, PBF LLC owns 18,459,497 common units representing a 44.1% limited partner interest in PBFX, as well as all of the incentive distribution rights and a non-economic general partner interest in PBFX. The inability of PBFX to continue operations, perform under its commercial arrangements with our subsidiaries or the occurrence of any of these risks or operational hazards, could also adversely impact the value of our investment in PBFX and, because PBFX is a consolidated entity, our business, financial condition and results of operations.

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PBFX may not have sufficient available cash to pay any quarterly distribution on its units. Furthermore, PBFX is not required to make distributions to holders of units on a quarterly basis or otherwise, and may elect to distribute less than all of its available cash.

PBFX may not have sufficient available cash from operating surplus each quarter to enable it to pay the minimum quarterly distribution. The amount of cash it can distribute on its units principally depends upon the amount of cash generated from its operations, which will fluctuate from quarter to quarter based on, among other things: the volume of crude oil and refined products it throughputs; PBFX s entitlement to payments associated with minimum volume commitments; the fees it charges for the volumes throughput; the level of its operating, maintenance and general and administrative costs; and prevailing economic conditions. In addition, the actual amount of cash PBFX will have available for distribution will depend on other factors, some of which are beyond its control, including: the level and timing of capital expenditures it makes; the amount of its operating expenses and general and administrative expenses, and payment of the administrative fees for services provided to it by PBF GP and its affiliate; the cost of acquisitions, if any; debt service requirements and other liabilities; fluctuations in working capital needs; PBFX s ability to borrow funds and access capital markets; restrictions contained in PBFX s Revolving Credit Facility, the PBFX 2023 Senior Notes and other debt service requirements; the amount of cash reserves established by PBF GP; and other business risks affecting cash levels.

In addition, if PBFX issues additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that PBFX will be unable to maintain or increase its per unit distribution level. There are no limitations in the partnership agreement of PBFX on its ability to issue additional units, including units ranking senior to the outstanding units. The incurrence of additional borrowings or other debt to finance PBFX s growth strategy would result in increased interest expense, which, in turn, may impact the cash that it has available to distribute to its unit holders (including us). Furthermore, the partnership agreement does not require PBFX to pay distributions on a quarterly basis or otherwise. The board of directors of PBF GP may at any time, for any reason, change its cash distribution policy or decide not to make any distributions (including to us).

Increases in interest rates could adversely impact the price of PBFX s units, PBFX s ability to issue equity or incur debt for acquisitions or other purposes and its ability to make cash distributions at its intended levels.

Interest rates on future credit facilities and debt offerings could be higher than current levels, causing PBFX s financing costs to increase accordingly. As with other yield-oriented securities, PBFX s unit price is impacted by the level of its cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in PBFX, and a rising interest rate environment could have an adverse impact on the price of the units, PBFX s ability to issue equity or incur debt for acquisitions or other purposes and its ability to make cash distributions at intended levels, which could adversely impact the value of our investment in PBFX.

If PBFX was to be treated as a corporation, rather than as a partnership, for U.S. federal income tax purposes or if PBFX was otherwise subject to entity-level taxation, PBFX s cash available for distribution to its unit holders, including to us, would be reduced, likely causing a substantial reduction in the value of units, including the units held by us.

The present U.S. federal income tax treatment of publicly traded partnerships, including PBFX, or an investment in its common units may be modified by administrative, legislative or judicial interpretation at any time. For example, from time to time the U.S. Congress considers substantive changes to the existing federal income tax laws that would affect publicly traded partnerships. Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible for PBFX to meet the exception to be treated as a partnership for U.S. federal income tax purposes. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could negatively impact the value of an investment in PBFX common units.

If PBFX were treated as a corporation for U.S. federal income tax purposes, it would pay U.S. federal income tax on income at the corporate tax rate, which is currently a maximum of 21% under the TCJA, and would likely be liable for state income tax at varying rates. Distributions to PBFX unitholders would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to PBFX unitholders. Because taxes would be imposed upon PBFX as a corporation, the cash available for distribution to PBFX unitholders would be substantially reduced. Therefore, PBFX s treatment as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to PBFX unitholders, likely causing a substantial reduction in the value of the units.

All of the executive officers and a majority of the directors of PBF GP are also current or former officers or directors of PBF Energy. Conflicts of interest could arise as a result of this arrangement.

PBF Energy indirectly owns and controls PBF GP, and appoints all of its officers and directors. All of the executive officers and a majority of the directors of PBF GP are also current or former officers or directors of PBF Energy. These individuals will devote significant time to the business of PBFX. Although the directors and officers of PBF GP have a fiduciary duty to manage PBF GP in a manner that is beneficial to PBF Energy, as directors and officers of PBF GP they also have certain duties to PBFX and its unit holders. Conflicts of interest may arise between PBF Energy and its affiliates, including PBF GP, on the one hand, and PBFX and its unit holders, on the other hand. In resolving these conflicts of interest, PBF GP may favor its own interests and the interests of PBFX over the interests of PBF Energy. In certain circumstances, PBF GP may refer any conflicts of interest or potential conflicts of interest between PBFX, on the one hand, and PBF Energy, on the other hand, to its conflicts committee (which must consist entirely of independent directors) for resolution, which conflicts committee must act in the best interests of the public unit holders of PBFX. As a result, PBF GP may manage the business of PBFX in a way that may differ from our best interests.

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RATIO OF EARNINGS TO FIXED CHARGES OF PBF LLC

The following table sets forth information regarding PBF LLC s ratio of earnings to fixed charges for the periods shown. For purposes of determining the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes and fixed charges (excluding interest capitalized during the period). Fixed charges consist of interest expense (including interest capitalized during the period), amortization of debt discount and deferred financing costs and the portion of rental expense that is representative of the interest factor in these rentals. You should read the ratio of earnings to fixed charges in conjunction with our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Ratio of earnings to fixed charges	3.4x	2.5x	2.6x	1.3x	2.9x

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CAPITALIZATION OF PBF LLC

The following table sets forth our cash and cash equivalents and total capitalization as of December 31, 2017.

We derived this table from, and it should be read in conjunction with and is qualified in its entirety by reference to, the information contained in Management s Discussion and Analysis of Financial Condition and Results of Operations of PBF LLC and PBF LLC s consolidated financial statements and related notes thereto included elsewhere in this prospectus.

		As of December 31, 2017 (in thousands)
Cash and cash equivalents	$	562,036
Debt, including current maturities: (1)(2)		
7.25% Senior notes due 2025	$	725,000
7.00% Senior notes due 2023		500,000
Revolving Loan		350,000
PBFX Revolving Credit Facility (3)		29,700
PBFX Senior Notes (3)		525,000
Catalyst Leases		59,048
PBF Rail Term Loan		28,366
Note Payable		5,621
Intercompany note payable		292,844
Total debt	$	2,515,579
Total PBF Energy Company LLC equity (4)		2,422,411
Total capitalization	$	4,937,990

(1) Does not include $586.3 million in outstanding letters of credit issued under the Revolving Loan and $3.6 million of outstanding letters of credit issued under the PBFX Revolving Credit Facility.

(2) Total debt outstanding excludes debt issuance costs and debt premium.

(3) On October 6, 2017, PBFX issued $175.0 million in aggregate principal amount of the old notes. The old notes were issued under the indenture governing the PBFX Senior Notes due 2023 issued May 12, 2015. PBFX used the net proceeds from the old notes offering to pay down the PBFX Revolving Credit Facility and for general partnership purposes.

(4) Total PBF Energy Company LLC equity excludes noncontrolling interest of $456.1 million.

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SELECTED FINANCIAL DATA OF PBF LLC

The following table presents selected historical consolidated financial data of PBF LLC. The selected historical consolidated financial data as of December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017, have been derived from our audited financial statements, included elsewhere in this prospectus. The selected historical consolidated financial data as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2014 and 2013 have been derived from the audited financial statements not included in this prospectus. As a result of the Chalmette and Torrance acquisitions, the historical consolidated financial results of PBF LLC only includes the results of operations for the Chalmette and Torrance refineries from November 1, 2015 and July 1, 2016 forward, respectively.

The historical consolidated financial data and other statistical data presented below should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations of PBF LLC and our consolidated financial statements and the related notes thereto, included elsewhere in this prospectus.

As discussed in Note 2 Summary of Significant Accounting Policies to our consolidated financial statements included elsewhere in this prospectus, during the year ended December 31, 2017, we determined that we would revise the presentation of certain line items on our consolidated statements of operations to enhance our disclosure under the requirements of Rule 5-03 of Regulation S-X. The revised presentation is comprised of the inclusion of a subtotal within costs and expenses referred to as Cost of sales and the reclassification of total depreciation and amortization expense between such amounts attributable to cost of sales and other operating costs and expenses. The amount of depreciation and amortization expense that is presented separately within the Cost of sales subtotal represents depreciation and amortization of refining and logistics assets that are integral to the refinery production process. The historical comparative information has been revised to conform to the current presentation. This revised presentation does not have an effect on our historical consolidated income from operations or net income, nor does it have any impact on our consolidated balance sheets, statements of comprehensive income or statements of cash flows.

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	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(in thousands)				
Statement of operations data:					
Revenues	$ 21,786,637	$ 15,920,424	$ 13,123,929	$ 19,828,155	$ 19,151,455
Costs and expenses:					
Cost of products and other	18,863,621	13,598,341	11,481,614	18,471,203	17,803,314
Operating expenses (excluding depreciation and amortization expense as reflected below)	1,685,611	1,423,198	904,525	883,140	812,652
Depreciation and amortization expense	277,992	216,341	187,729	166,799	98,622
Cost of sales	20,827,224	15,237,880	12,573,868	19,521,142	18,714,588
General and administrative expenses (excluding depreciation and amortization expense as reflected below) (1)	214,448	166,252	180,310	146,592	95,794
Depreciation and amortization expense	12,964	5,835	9,688	13,583	12,857
Loss (gain) on sale of assets	1,458	11,374	(1,004)	(895)	(183)
Total cost and expense	21,056,094	15,421,341	12,762,862	19,680,422	18,823,056
Income from operations	730,543	499,083	361,067	147,733	328,399
Other (expense) income:					
Change in fair value of catalyst lease obligation	(2,247)	1,422	10,184	3,969	4,691
Debt extinguishment costs	(25,451)				
Interest expense, net	(162,383)	(155,819)	(109,411)	(100,352)	(94,057)
Income before income taxes	540,462	344,686	261,840	51,350	239,033
Income tax (benefit) expense	(10,783)	23,689	648		
Net Income	551,245	320,997	261,192	51,350	239,033
Less: net income attributable to noncontrolling interests	51,168	40,109	34,880	14,740	
Net income attributable to PBF Energy Company LLC	$ 500,077	$ 280,888	$ 226,312	$ 36,610	$ 239,033
Balance sheet data (at end of period):					
Total assets	$ 8,038,985	$ 7,133,492	$ 5,501,167	$ 4,525,920	$ 4,192,504
Total debt (2)	2,515,579	2,370,793	2,096,261	1,370,103	766,821
Total equity	2,878,503	2,487,820	1,909,395	1,652,837	1,715,256
Other financial data:					
Capital expenditures (3)	$ 727,035	$ 1,612,871	$ 981,080	$ 631,332	$ 415,702

(1)

Includes acquisition related expenses consisting primarily of consulting and legal expenses related to the Torrance Acquisition, PBFX Plains Asset Purchase, Chalmette Acquisition and other pending and non-consummated acquisitions of $1.0 million, $17.5 million and $5.8 million in 2017, 2016 and 2015, respectively.

(2) Total debt, excluding debt issuance costs, includes current maturities, Note payable, Intercompany Note Payable and our Delaware Economic Development Authority Loan (which was fully converted to a grant as of December 31, 2016).

(3) Includes expenditures for construction in progress, property, plant and equipment (including railcar purchases), deferred turnaround costs and other assets, excluding the proceeds from sales of assets.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF PBF LLC

You should read the following discussion and analysis together with Selected Financial Data of PBF LLC, and our consolidated financial statements and related notes included elsewhere in this prospectus. Among other things, those historical financial statements include more detailed information regarding the basis of presentation for the financial data included in the following discussion. This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus particularly in the sections entitled Risk Factors Relating to PBF LLC and Cautionary Note Regarding Forward-Looking Statements of PBF LLC.

Overview

We are one of the largest independent petroleum refiners and suppliers of unbranded transportation fuels, heating oil, petrochemical feedstocks, lubricants and other petroleum products in the United States. We sell our products throughout the Northeast, Midwest, Gulf Coast and West Coast of the United States, as well as in other regions of the United States and Canada, and are able to ship products to other international destinations. As of December 31, 2017, we own and operate five domestic oil refineries and related assets, which we acquired in 2010, 2011, 2015 and 2016. Our refineries have a combined processing capacity, known as throughput, of approximately 900,000 barrels per day (bpd), and a weighted-average Nelson Complexity Index of 12.2. We operate in two reportable business segments: Refining and Logistics. Our five oil refineries are all engaged in the refining of crude oil and other feedstocks into petroleum products, and are aggregated into the Refining segment. PBFX operates certain logistical assets such as crude oil and refined petroleum products terminals, pipelines, and storage facilities, which are aggregated into the Logistics segment.

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The following map details the locations of our refineries and the location of PBFX s assets (each as defined below):

Our five refineries are located in Delaware City, Delaware, Paulsboro, New Jersey, Toledo, Ohio, New Orleans, Louisiana and Torrance, California. Each of these refineries is briefly described in the table below:

Refinery	Region	Nelson Complexity Index	Throughput Capacity (in bpd)	PADD	Crude Processed (1)	Source (1)
Delaware City	East Coast	11.3	190,000	1	light sweet through heavy sour	water, rail
Paulsboro	East Coast	13.2	180,000	1	light sweet through heavy sour	water
Toledo	Mid-continent	9.2	170,000	2	light sweet	pipeline, truck, rail
Chalmette	Gulf Coast	12.7	189,000	3	light sweet through heavy sour	water, pipeline
Torrance	West Cost	14.9	155,000	5	medium and heavy	pipeline, water, truck

(1) Reflects the typical crude and feedstocks and related sources utilized under normal operating conditions and prevailing market environments.

Factors Affecting Comparability

Our results over the past three years have been affected by the following events, the understanding of which will aid in assessing the comparability of our period to period financial performance and financial condition.

Torrance Acquisition

On July 1, 2016, we acquired from ExxonMobil Oil Corporation (ExxonMobil) and its subsidiary, Mobil Pacific Pipeline Company, the Torrance refinery and related logistics assets (the Torrance Acquisition). The Torrance refinery, located on 750 acres in Torrance, California, is a high-conversion 155,000 bpd, delayed-coking refinery with a Nelson Complexity Index of 14.9. The facility is strategically positioned in Southern California with advantaged logistics connectivity that offers flexible raw material sourcing and product distribution opportunities primarily in the California, Las Vegas and Phoenix area markets. The Torrance Acquisition increased our total throughput capacity to approximately 900,000 bpd.

In addition to refining assets, the Torrance Acquisition included a number of high-quality logistics assets consisting of a sophisticated network of crude and products pipelines, product distribution terminals and refinery crude and product storage facilities. The most significant of the logistics assets is a 189-mile crude gathering and transportation system which delivers San Joaquin Valley crude oil directly from the field to the refinery. Additionally, included in the transaction were several pipelines which provide access to sources of crude oil including the Ports of Long Beach and Los Angeles, as well as clean product outlets with a direct pipeline supplying jet fuel to the Los Angeles airport. The Torrance refinery also has crude and product storage facilities with approximately 8.6 million barrels of shell capacity.

The purchase price for the assets was approximately $521.4 million in cash after post-closing purchase price adjustments, plus final working capital of $450.6 million. The final purchase price and fair value allocation were completed as of June 30, 2017. During the measurement period, which ended in June 2017, adjustments were made to our preliminary fair value estimates related primarily to Property, plant and equipment and Other long-term liabilities reflecting the finalization of our assessment of the cost and duration of certain assumed pre-existing environmental obligations. The transaction was financed through a combination of cash on hand, including proceeds from certain equity offerings, and borrowings under PBF Holding s asset based revolving credit agreement.

PBF Energy Public Offerings

As a result of the initial public offering and related reorganization transactions, PBF Energy became our sole managing member with a controlling voting interest in us and our subsidiaries. Effective with completion of the initial public offering, PBF Energy consolidates our financial results and our subsidiaries and records a noncontrolling interest in its consolidated financial statements representing the economic interests of our noncontrolling unit holders.

Additionally, a series of secondary offerings were made subsequent to PBF Energy s IPO whereby funds affiliated with The Blackstone Group L.P. (Blackstone) and First Reserve Management L.P. (First Reserve) sold their interests in us. The final such subsequent offering was completed on February 6, 2015, as funds affiliated with Blackstone and First Reserve exchanged 3,804,653 Series A units for the same number of shares of PBF Energy Class A common stock which were subsequently sold in a secondary public offering (the February 2015 secondary offering and collectively with the prior secondary offerings, the secondary offerings). As a result of these secondary offerings, Blackstone and First Reserve no longer hold any Series A units. The holders of Series B Units, which include certain current and former executive officers of PBF Energy, received a portion of the proceeds of the sales of the shares of PBF Energy Class A common stock by Blackstone and First Reserve in accordance with our amended and restated limited liability company agreement. PBF LLC did not receive any proceeds from the secondary offerings.

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On October 13, 2015, PBF Energy completed the sale of an aggregate of 11,500,000 shares of Class A common stock, including 1,500,000 shares of Class A common stock that were sold pursuant to the exercise of an over-allotment option, for net proceeds of $344.0 million, after deducting underwriting discounts and commissions and other offering expenses (the October 2015 Equity Offering). Net proceeds received were subsequently used to purchase 11,500,000 PBF LLC Series C Units.

On December 19, 2016, PBF Energy completed the sale of an aggregate of 10,000,000 shares of Class A common stock for net proceeds of $274.3 million, after deducting underwriting discounts and commissions and other offering expenses (the December 2016 Equity Offering). Net proceeds received were subsequently used to purchase 10,000,000 of PBF LLC Series C Units.

As of December 31, 2017, including the offerings described above, PBF Energy owned 110,586,762 Series C Units and our current and former executive officers and directors and certain employees and others beneficially owned 3,767,464 Series A Units, and the holders of PBF Energy s issued and outstanding shares of Class A common stock have 96.7% of the voting power in us and our members other than PBF Energy through their holdings of Class B common stock have the remaining 3.3% of the voting power in us.

PBFX Equity Offerings

On April 5, 2016, PBFX completed a public offering of an aggregate of 2,875,000 common units, including 375,000 common units that were sold pursuant to the full exercise by the underwriter of its option to purchase additional common units, for net proceeds of $51.6 million, after deducting underwriting discounts and commissions and other offering expenses (the PBFX April 2016 Equity Offering). In addition, on August 17, 2016, PBFX completed a public offering of an aggregate of 4,000,000 common units, and granted the underwriter an option to purchase an additional 600,000 common units, of which 375,000 units were subsequently purchased on September 14, 2016, for total net proceeds of $86.8 million, after deducting underwriting discounts and commissions and other offering expenses (the PBFX August 2016 Equity Offering). As a result of the PBFX 2016 equity offerings, as of December 31, 2017, we held a 44.1% limited partner interest in PBFX and own all of PBFX s IDRs, with the remaining 55.9% limited partner interest owned by public common unit holders.

Chalmette Acquisition

On November 1, 2015, we acquired from ExxonMobil, Mobil Pipeline Company and PDV Chalmette, Inc., 100% of the ownership interests of Chalmette Refining L.L.C. (Chalmette Refining), which owns the Chalmette refinery and related logistics assets (collectively, the Chalmette Acquisition). The Chalmette refinery, located outside of New Orleans, Louisiana, is a dual-train coking refinery and is capable of processing both light and heavy crude oil. Subsequent to the closing of the Chalmette Acquisition, Chalmette Refining is a wholly-owned subsidiary of PBF Holding.

Chalmette Refining owns 100% of the MOEM Pipeline, providing access to the Empire Terminal, as well as the CAM Connection Pipeline, providing access to the Louisiana Offshore Oil Port facility through a third party pipeline. Chalmette Refining also owns 80% of each of the Collins Pipeline Company and T&M Terminal Company, both located in Collins, Mississippi, which provide a clean products outlet for the refinery to the Plantation and Colonial Pipelines. Also included in the acquisition are a marine terminal capable of importing waterborne feedstocks and loading or unloading finished products; a clean products truck rack which provides access to local markets; and a crude and product storage facility.

The aggregate purchase price for the Chalmette Acquisition was $322.0 million in cash, plus inventory and working capital of $246.0 million, which was finalized in the first quarter of 2016. The transaction was financed through a combination of cash on hand and borrowings under our Revolving Loan.

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PBFX Assets and Drop-Down Transactions

PBFX s assets consist of light and heavy crude oil rail unloading terminals and a refined products pipeline and truck rack at the Delaware City refinery, a crude oil truck unloading terminal and storage facility at the Toledo refinery, a crude oil pipeline system supplying the Torrance refinery, a natural gas pipeline supplying the Paulsboro refinery, the East Coast Terminals (as defined below), a products terminal at the Toledo refinery and a crude storage tank at the Chalmette refinery.

On April 29, 2016, PBFX s wholly-owned subsidiary, PBF Logistics Products Terminals LLC, completed the purchase of four refined products terminals in the greater Philadelphia region (the East Coast Terminals) from an affiliate of Plains All American Pipeline, L.P.

On August 31, 2016, PBFX acquired from us 50% of the issued and outstanding limited liability company interests of TVPC, whose assets consist of the 189-mile San Joaquin Valley Pipeline system, which consists of the M55, M1 and M70 pipeline systems, including 11 pipeline stations with storage capacity and truck unloading capability at two of the stations (collectively, the Torrance Valley Pipeline).

On February 15, 2017, PBFX s wholly-owned subsidiary PBFX Operating Company LP (PBFX Op Co), acquired from us all of the issued and outstanding limited liability company interests of Paulsboro Natural Gas Pipeline Company LLC (PNGPC). PNGPC owns and operates an existing interstate natural gas pipeline. In August 2017, PBFX Op Co completed the construction of a new pipeline which replaced the existing pipeline and commenced services.

On February 15, 2017, we entered into the Chalmette Storage Services Agreement under which PBFX, through PBFX Op Co, assumed construction of the Chalmette Storage Tank. The Chalmette Storage Tank commenced operations in November 2017 upon completion of construction.

Renewable Fuels Standard

We are subject to obligations to purchase RINs required to comply with the Renewable Fuels Standard. Our overall RINs obligation is based on a percentage of domestic shipments of on-road fuels as established by the EPA. To the degree we are unable to blend the required amount of biofuels to satisfy our RINs obligation, RINs must be purchased on the open market to avoid penalties and fines. We record our RINs obligation on a net basis in Accrued expenses when our RINs liability is greater than the amount of RINs earned and purchased in a given period and in Prepaid and other current assets when the amount of RINs earned and purchased is greater than the RINs liability. We have experienced fluctuations in the costs to comply with our renewable energy credit obligation. We incurred approximately $293.7 million in RINs costs during the year ended December 31, 2017 as compared to $347.5 million and $171.6 million during the years ended December 31, 2016 and 2015, respectively. The fluctuations in RINs costs are due primarily to volatility in prices for ethanol-linked RINs and increases in our production of on-road transportation fuels since 2012. Our RINs purchase obligation is dependent on our actual shipment of on-road transportation fuels domestically and the amount of blending achieved.

Amended and Restated Asset Based Revolving Credit Facility

On an ongoing basis, the Revolving Loan is available to be used for working capital and other general corporate purposes. On August 15, 2014, the agreement was amended and restated to, among other things, increase the maximum availability to $2.50 billion and extend its maturity to August 2019. The commitment fees on the unused portions, the interest rate on advances and the fees for letters of credit were reduced as a part of the amendment. The amended and restated Revolving Loan includes an accordion feature which allows for aggregate commitments of up to $2.75 billion. In November and December 2015, PBF Holding increased the maximum availability under the Revolving Loan to $2.60 billion and $2.64 billion, respectively, in accordance with its accordion feature.

As noted above, we drew down under our Revolving Loan to partially fund the Torrance Acquisition. The outstanding balance under our Revolving Loan was $350.0 million as of December 31, 2017 and 2016, respectively.

2025 Senior Notes Offering

On May 30, 2017, PBF Holding and PBF Finance issued $725.0 million in aggregate principal amount of the 2025 Senior Notes. The net proceeds were used to fund the cash tender offer (the Tender Offer) for any and all of its outstanding 8.25% senior secured notes due 2020 (the 2020 Senior Secured Notes), to pay the related redemption price and accrued and unpaid interest for any 2020 Senior Secured Notes that remained outstanding after the completion of the Tender Offer, and for general corporate purposes. Upon the satisfaction and discharge of the 2020 Senior Secured Notes in connection with the closing of the Tender Offer and the redemption, the 2023 Senior Notes became unsecured and certain covenants were modified, as provided for in the indenture governing the 2023 Senior Notes and related documents.

2023 Senior Notes Offering

On November 24, 2015, PBF Holding and PBF Finance Corporation issued $500.0 million in aggregate principal amount of the 2023 Senior Notes. The net proceeds were approximately $490.0 million after deducting the initial purchasers discount and offering expenses. We used the proceeds to fund general corporate purposes, including a portion of the purchase price for the Torrance Acquisition.

PBF Rail Revolving Credit Facility

Effective March 25, 2014, PBF Rail Logistics Company LLC (PBF Rail), an indirect wholly-owned subsidiary of PBF Holding, entered into a $250.0 million secured revolving credit agreement (the Rail Facility), the primary purpose of which was to fund the acquisition by PBF Rail of crude tank cars (the Eligible Railcars) before December 2015. The Rail Facility was amended on two occasions in 2015 and 2016. On December 22, 2016, the Rail Facility was terminated and replaced with the PBF Rail Term Loan (as described below).

PBF Rail Term Loan

On December 22, 2016, PBF Rail entered into a $35.0 million term loan (the PBF Rail Term Loan) with a bank previously party to the Rail Facility. The PBF Rail Term Loan amortizes monthly over its five-year term and bears interest at the one month LIBOR plus the margin as defined in the credit agreement. As security for the PBF Rail Term Loan, PBF Rail pledged, among other things: (i) certain eligible railcars; (ii) the Debt Service Reserve Account (as defined in the credit agreement); and (iii) PBF Holding s member interest in PBF Rail. Additionally, the PBF Rail Term Loan contains customary terms, events of default and covenants for transactions of this nature. PBF Rail may at any time repay the PBF Rail Term Loan without penalty in the event that railcars collateralizing the loan are sold, scrapped or otherwise removed from the collateral pool.

The outstanding balance of the PBF Rail Term Loan was $28.4 million and $35.0 million as of December 31, 2017 and 2016, respectively.

PBFX Debt and Credit Facilities

On May 14, 2014, in connection with the closing of the PBFX Offering, PBFX entered into the PBFX Revolving Credit Facility and a three-year, $300.0 million term loan facility (the PBFX Term Loan). The PBFX Revolving Credit Facility was increased from $275.0 million to $325.0 million in December 2014 and from $325.0 million to

$360.0 million in May 2016. The PBFX Revolving Credit Facility is available to fund working capital, acquisitions, distributions and capital expenditures and for other general partnership purposes

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and is guaranteed by a guaranty of collection from us. PBFX also has the ability to increase the maximum amount of the PBFX Revolving Credit Facility by an aggregate amount of up to $240.0 million, to a total facility size of $600.0 million, subject to receiving increased commitments from lenders or other financial institutions and satisfaction of certain conditions. The PBFX Revolving Credit Facility includes a $25.0 million sublimit for standby letters of credit and a $25.0 million sublimit for swingline loans. The PBFX Term Loan was used to fund distributions to us and was guaranteed by our guaranty of collection secured at all times by cash, U.S. Treasury or other investment grade securities in an amount equal to or greater than the outstanding principal amount of the PBFX Term Loan.

Certain subsequent acquisitions made by PBFX were funded partially by proceeds from the sale of marketable securities. PBFX used borrowings under the PBFX Revolving Credit Facility to repay the outstanding PBFX Term Loan balance, and thereby release the marketable securities that had collateralized the PBFX Term Loan. The PBFX Term Loan was repaid in 2017.

On May 12, 2015, PBFX entered into an indenture among the Partnership, PBF Logistics Finance Corporation, a Delaware corporation and wholly-owned subsidiary of PBFX (PBF Logistics Finance, and together with PBFX, the Issuers), the Guarantors named therein (certain subsidiaries of PBFX) and Deutsche Bank Trust Company Americas, as Trustee, under which the Issuers issued $350.0 million in aggregate principal amount of 6.875% senior notes due in 2023 (the initial PBFX Senior Notes). We have provided a limited guarantee of collection of the principal amount of the PBFX Senior Notes (as defined below), but are not otherwise subject to the covenants of the indenture. After deducting offering expenses, PBFX received net proceeds of approximately $343.0 million from the initial PBFX Senior Notes offering.

On October 6, 2017, PBFX issued $175.0 million in aggregate principal amount of 6.875% Senior Notes due 2023 (the new PBFX 2023 Senior Notes and, together with the initial PBFX 2023 Senior Notes, the PBFX 2023 Senior Notes). The new PBFX 2023 Senior Notes were issued at 102% of face value with an effective rate of 6.442% and were issued under the indenture governing the initial PBFX 2023 Senior Notes dated on May 12, 2015. The new PBFX 2023 Senior Notes are expected to be treated as a single series with the initial PBFX 2023 Senior Notes and have the same terms as those initial notes except that (i) the new PBFX 2023 Senior Notes are subject to a separate registration rights agreement and (ii) the new PBFX 2023 Senior Notes were issued initially under CUSIP numbers different from the initial PBFX 2023 Senior Notes. PBFX used the net proceeds from the offering of the new PBFX 2023 Senior Notes to repay a portion of the PBFX Revolving Credit Facility and for general partnership purposes.

As of December 31, 2017 and December 31, 2016, there were $525.0 million and $350.0 million outstanding, excluding debt issuance premium, under the PBFX 2023 Senior Notes, respectively.

Inventory Intermediation Agreements

On certain dates subsequent to the inception of the Inventory Intermediation Agreements, we and our subsidiaries, DCR and PRC; entered into amendments to the amended and restated inventory intermediation agreement (as amended, the A&R Intermediation Agreements) with J. Aron pursuant to which certain terms of the inventory intermediation agreements were amended, including, among other things, pricing and an extension of the term. The most recent of these was on September 8, 2017 which extends the term of the A&R Intermediation Agreement relating to DCR and PRC to July 1, 2019 and December 31, 2019, respectively, which terms may be further extended by mutual consent of the parties to July 1, 2020 and December 31, 2020, respectively.

Pursuant to each A&R Intermediation Agreement, J. Aron continues to purchase and hold title to certain of the intermediate and finished products (the Products) produced by the Paulsboro and Delaware City refineries, respectively, and delivered into tanks at the refineries. Furthermore, J. Aron agrees to sell the Products back to

Paulsboro refinery and Delaware City refinery as the Products are discharged out of the refineries tanks. J. Aron has the right to store the products purchased in tanks under the A&R Intermediation Agreements and will retain these storage rights for the term of the agreements. PBF Holding continues to market and sell the products independently to third parties.

Crude Oil Acquisition Agreements

We currently purchase all of our crude and feedstock needs independently from a variety of suppliers on the spot market or through term agreements for our Delaware City refinery. We have a contract with Saudi Aramco pursuant to which we have been purchasing up to approximately 100,000 bpd of crude oil from Saudi Aramco that is processed at our Paulsboro refinery. Prior to December 31, 2015, we had a crude oil supply contract with a third-party for our Delaware City refinery. We currently fully source our own crude oil needs for our Toledo refinery. Prior to July 31, 2014, we had a crude oil acquisition agreement with a third party that expired on July 31, 2014. In connection with the Chalmette Acquisition we entered into a contract with Petróleos de Venezuela S.A. (PDVSA) for the supply of 40,000 to 60,000 bpd of crude oil that can be processed at any of our East or Gulf Coast refineries. We have not sourced crude oil under this agreement since the third quarter of 2017 as PDVSA has suspended deliveries due to the parties inability to agree to mutually acceptable payment terms. In connection with the closing of the Torrance Acquisition, we entered into a crude supply agreement with ExxonMobil for approximately 60,000 bpd of crude oil that can be processed at our Torrance refinery.

Equity Repurchase Program

PBF Energy s Board of Directors authorized the repurchase of up to $300.0 million of our Series C Units, through the repurchase of PBF Energy s Class A common stock (the Repurchase Program). On September 26, 2016, PBF Energy s Board of Directors approved a two year extension to the existing Repurchase Program. As a result of the extension, the Repurchase Program will expire on September 30, 2018. No repurchases of our Series C Units were made during the year ended December 31, 2017. As of December 31, 2017, we have purchased approximately 6.05 million shares of our Series C Units under the Repurchase Program for $150.8 million through the purchase of PBF Energy s Class A common stock in open market transactions and had the ability to purchase approximately an additional $149.2 million in Series C Units under the approved Repurchase Program, through the purchase of PBF Energy s Class A common stock in open market transactions.

These repurchases may be made from time to time through various methods, including open market transactions, block trades, accelerated share repurchases, privately negotiated transactions or otherwise, certain of which may be effected through Rule 10b5-1 and Rule 10b-18 plans. The timing and number of shares repurchased will depend on a variety of factors, including price, capital availability, legal requirements and economic and market conditions. PBF Energy is not obligated to purchase any shares under the Repurchase Program, and repurchases may be suspended or discontinued at any time without prior notice.

Factors Affecting Operating Results

Overview

Our earnings and cash flows from operations are primarily affected by the relationship between refined product prices and the prices for crude oil and other feedstocks. The cost to acquire crude oil and other feedstocks and the price of refined petroleum products ultimately sold depends on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline, diesel and other refined petroleum products, which, in turn, depend on, among other factors, changes in global and regional economies, weather conditions, global and regional political affairs, production levels, the availability of imports, the marketing of competitive fuels, pipeline capacity, prevailing exchange rates and the extent of government regulation. Our revenue and operating income fluctuate significantly with movements in industry refined petroleum product prices, our materials cost fluctuate significantly with movements in crude oil prices and our other operating expenses fluctuate with movements in the price of energy to meet the power needs of our refineries. In addition, the effect of changes in crude oil prices on our operating results is influenced by how the prices of refined products adjust to reflect such changes.

Crude oil and other feedstock costs and the prices of refined petroleum products have historically been subject to wide fluctuation. Expansion and upgrading of existing facilities and installation of additional refinery distillation or conversion capacity, price volatility, international political and economic developments and other factors beyond our control are likely to continue to play an important role in refining industry economics. These factors can impact, among other things, the level of inventories in the market, resulting in price volatility and a reduction or increase in product margins. Moreover, the industry typically experiences seasonal fluctuations in demand for refined petroleum products, such as for gasoline and diesel, during the summer driving season and for home heating oil during the winter.

Benchmark Refining Margins

In assessing our operating performance, we compare the refining margins (revenue less materials cost) of each of our refineries against a specific benchmark industry refining margin based on crack spreads. Benchmark refining margins take into account both crude and refined petroleum product prices. When these prices are combined in a formula they provide a single value a gross margin per barrel that, when multiplied by throughput, provides an approximation of the gross margin generated by refining activities.

The performance of our East Coast refineries generally follows the Dated Brent (NYH) 2-1-1 benchmark refining margin. Our Toledo refinery generally follows the WTI (Chicago) 4-3-1 benchmark refining margin. Our Chalmette refinery generally follows the LLS (Gulf Coast) 2-1-1 benchmark refining margin. Our Torrance refinery generally follows the ANS (West Coast) 4-3-1 benchmark refining margin.

While the benchmark refinery margins presented below under Results of Operations Market Indicators are representative of the results of our refineries, each refinery s realized gross margin on a per barrel basis will differ from the benchmark due to a variety of factors affecting the performance of the relevant refinery to its corresponding benchmark. These factors include the refinery s actual type of crude oil throughput, product yield differentials and any other factors not reflected in the benchmark refining margins, such as transportation costs, storage costs, credit fees, fuel consumed during production and any product premiums or discounts, as well as inventory fluctuations, timing of crude oil and other feedstock purchases, a rising or declining crude and product pricing environment and commodity price management activities. As discussed in more detail below, each of our refineries, depending on market conditions, has certain feedstock-cost and product-value advantages and disadvantages as compared to the refinery s relevant benchmark.

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to us. Our exposure to credit risk is reflected in the carrying amount of the receivables that are presented in our balance sheet. To minimize credit risk, all customers are subject to extensive credit verification procedures and extensions of credit above defined thresholds are to be approved by the senior management. Our intention is to trade only with recognized creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis. We also limit the risk of bad debts by obtaining security such as guarantees or letters of credit.

Other Factors

We currently source our crude oil for our refineries on a global basis through a combination of market purchases and short-term purchase contracts, and through our crude oil supply agreements with Saudi Aramco, PDVSA, ExxonMobil and others. We believe purchases based on market pricing has given us flexibility in obtaining crude oil at lower prices and on a more accurate as needed basis. Since our Paulsboro and Delaware City refineries access their crude slates from the Delaware River via ship or barge and through our rail facilities at Delaware City, these refineries have the flexibility to purchase crude oils from the Mid-Continent and Western Canada, as well as a number of different countries. We have not sourced crude oil under our crude supply

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arrangement with PDVSA since the third quarter of 2017 as PDVSA has suspended deliveries due to our inability to agree to mutually acceptable payment terms.

In the past several years, we expanded and upgraded the existing on-site railroad infrastructure at the Delaware City refinery. Currently, crude oil delivered by rail to this facility is consumed at our Delaware City and Paulsboro refineries. The Delaware City rail unloading facility, which was sold to PBFX in 2014, allows our East Coast refineries to source WTI-based crude oils from Western Canada and the Mid-Continent, which we believe, at times, may provide cost advantages versus traditional Brent-based international crude oils. In support of this rail strategy, we have at times entered into agreements to lease or purchase crude railcars. A portion of these railcars were purchased via the Rail Facility entered into during 2014, which was terminated in connection with the execution of the PBF Rail Term Loan in 2016. Certain of these railcars were subsequently sold to a third party, which has leased the railcars back to us for periods of between four and seven years. In 2016, we sold approximately 120 of these railcars to optimize our railcar portfolio. Our railcar fleet, at times, provides transportation flexibility within our crude oil sourcing strategy that allows our East Coast refineries to process cost advantaged crude from Canada and the Mid-Continent.

Our operating cost structure is also important to our profitability. Major operating costs include costs relating to employees and contract labor, energy, maintenance and environmental compliance, and emission control regulations, including the cost of RINs required for compliance with the Renewable Fuels Standard. The predominant variable cost is energy, in particular, the price of utilities, natural gas and electricity.

Our operating results are also affected by the reliability of our refinery operations. Unplanned downtime of our refinery assets generally results in lost margin opportunity and increased maintenance expense. The financial impact of planned downtime, such as major turnaround maintenance, is managed through a planning process that considers such things as the margin environment, the availability of resources to perform the needed maintenance and feed logistics, whereas unplanned downtime does not afford us this opportunity.

Refinery-Specific Information

The following section includes refinery-specific information related to our operations, crude oil differentials, ancillary costs, and local premiums and discounts.

Delaware City Refinery. The benchmark refining margin for the Delaware City refinery is calculated by assuming that two barrels of Dated Brent crude oil are converted into one barrel of gasoline and one barrel of diesel. We calculate this benchmark using the NYH market value of reformulated blendstock for oxygenate blending (RBOB) and ultra-low sulfur diesel (ULSD) against the market value of Dated Brent and refer to the benchmark as the Dated Brent (NYH) 2-1-1 benchmark refining margin. Our Delaware City refinery has a product slate of approximately 53% gasoline, 30% distillate, 2% high-value petrochemicals, with the remaining portion of the product slate comprised of lower-value products (6% black oil, 4% petroleum coke, 3% LPGs and 2% other). For this reason, we believe the Dated Brent (NYH) 2-1-1 is an appropriate benchmark industry refining margin. The majority of Delaware City revenues are generated off NYH-based market prices.

The Delaware City refinery s realized gross margin on a per barrel basis has historically differed from the Dated Brent (NYH) 2-1-1 benchmark refining margin due to the following factors:

the Delaware City refinery processes a slate of primarily medium and heavy sour crude oils, which has constituted approximately 55% to 65% of total throughput. The remaining throughput consists of sweet crude oil and other feedstocks and blendstocks. In addition, we have the capability to process a significant volume of light, sweet crude oil depending on market conditions. Our total throughput costs have historically priced at a discount to Dated Brent; and

as a result of the heavy, sour crude slate processed at Delaware City, we produce lower value products including sulfur, carbon dioxide and petroleum coke. These products are priced at a significant discount to RBOB and ULSD and represent approximately 5% to 7% of our total production volume.

Paulsboro Refinery. The benchmark refining margin for the Paulsboro refinery is calculated by assuming that two barrels of Dated Brent crude oil are converted into one barrel of gasoline and one barrel of diesel. We calculate this benchmark using the NYH market value of RBOB and ULSD diesel against the market value of Dated Brent and refer to the benchmark as the Dated Brent (NYH) 2-1-1 benchmark refining margin. Our Paulsboro refinery has a product slate of approximately 39% gasoline, 33% distillate, 5% high-value Group I lubricants and 10% asphalt, with the remaining portion of the product slate comprised of lower-value products (5% black oil, 3% petroleum coke, 4% LPGs and 1% other). For this reason, we believe the Dated Brent (NYH) 2-1-1 is an appropriate benchmark industry refining margin. The majority of Paulsboro revenues are generated off NYH-based market prices.

The Paulsboro refinery s realized gross margin on a per barrel basis has historically differed from the Dated Brent (NYH) 2-1-1 benchmark refining margin due to the following factors:

- the Paulsboro refinery processes a slate of primarily medium and heavy sour crude oils, which has historically constituted approximately 75% to 85% of total throughput. The remaining throughput consists of sweet crude oil and other feedstocks and blendstocks;

- as a result of the heavy, sour crude slate processed at Paulsboro, we produce lower value products including sulfur and petroleum coke. These products are priced at a significant discount to RBOB and ULSD and represent approximately 3% to 5% of our total production volume; and

- the Paulsboro refinery produces Group I lubricants which carry a premium sales price to RBOB and ULSD.

Toledo Refinery. The benchmark refining margin for the Toledo refinery is calculated by assuming that four barrels of WTI crude oil are converted into three barrels of gasoline, one-half barrel of ULSD and one-half barrel of jet fuel. We calculate this refining margin using the Chicago market values of conventional blendstock for oxygenate blending (CBOB) and ULSD and the United States Gulf Coast value of jet fuel against the market value of WTI crude oil and refer to this benchmark as the WTI (Chicago) 4-3-1 benchmark refining margin. Our Toledo refinery has a product slate of approximately 54% gasoline, 34% distillate, 6% high-value petrochemicals (including nonene, tetramer, benzene, xylene and toluene) with the remaining portion of the product slate comprised of lower-value products (5% LPGs and 1% other). For this reason, we believe the WTI (Chicago) 4-3-1 is an appropriate benchmark industry refining margin. The majority of Toledo revenues are generated off Chicago-based market prices.

The Toledo refinery s realized gross margin on a per barrel basis has historically differed from the WTI (Chicago) 4-3-1 benchmark refining margin due to the following factors:

- the Toledo refinery processes a slate of domestic sweet and Canadian synthetic crude oil. Historically, Toledo s blended average crude costs have been higher than the market value of WTI crude oil;

- the Toledo refinery configuration enables it to produce more barrels of product than throughput which generates a pricing benefit; and

the Toledo refinery generates a pricing benefit on some of its refined products, primarily its petrochemicals.
Chalmette Refinery. The benchmark refining margin for the Chalmette refinery is calculated by assuming two barrels of Light Louisiana Sweet (LLS) crude oil are converted into one barrel of gasoline and one barrel of diesel. We calculate this benchmark using the US Gulf Coast market value of 87 conventional gasoline and ULSD against the market value of LLS and refer to this benchmark as the LLS (Gulf Coast) 2-1-1 benchmark refining margin. Our Chalmette refinery has a product slate of approximately 47% gasoline, 32% distillate, 3% high-value petrochemicals (including benzene and xylenes) with the remaining portion of the product slate comprised of lower-value products (10% black oil, 5% petroleum coke and 3% other). For this reason, we believe the LLS (Gulf Coast) 2-1-1 is an appropriate benchmark industry refining margin. The majority of Chalmette revenues are generated off Gulf Coast-based market prices.

The Chalmette refinery s realized gross margin on a per barrel basis has historically differed from the LLS (USGC) 2-1-1 benchmark refining margin due to the following factors:

- the Chalmette refinery has generally processed a slate of primarily medium and heavy sour crude oils, which has historically constituted approximately 55% to 65% of total throughput. The remaining throughput consists of sweet crude oil and other feedstocks and blendstocks; and

- as a result of the heavy, sour crude slate processed at Chalmette, we produce lower-value products including sulfur and petroleum coke. These products are priced at a significant discount to 87 conventional gasoline and ULSD and represent approximately 4% to 6% of our total production volume.

The PRL (pre-treater, reformer, light ends) project was completed in 2017 which has increased high-octane, ultra-low sulfur reformate and chemicals production. The new crude oil tank was also commissioned in 2017 and is allowing additional gasoline and diesel exports reduced RINs compliance costs and lower crude ship demurrage costs.

Torrance Refinery. The benchmark refining margin for the Torrance refinery is calculated by assuming that four barrels of Alaskan North Slope (ANS) crude oil are converted into three barrels of gasoline, one-half barrel of diesel and one-half barrel of jet fuel. We calculate this benchmark using the West Coast Los Angeles market value of California reformulated blendstock for oxygenate blending (CARBOB), California Air Resources Board (CARB) diesel and jet fuel and refer to the benchmark as the ANS (WCLA) 4-3-1 benchmark refining margin. Our Torrance refinery has a product slate of approximately 64% gasoline and 22% distillate with the remaining portion of the product slate comprised of lower-value products (9% petroleum coke, 2% LPG, 1% black oil and 2% other). For this reason, we believe the ANS (West Coast) 4-3-1 is an appropriate benchmark industry refining margin. The majority of Torrance revenues are generated off West Coast Los Angeles-based market prices.

The Torrance refinery s realized gross margin on a per barrel basis has historically differed from the ANS (WCLA) 4-3-1 benchmark refining margin due to the following factors:

- the Torrance refinery has generally processed a slate of primarily heavy sour crude oils, which has historically constituted approximately 80% to 90% of total throughput. The Torrance crude slate has the lowest API gravity (typically an American Petroleum Institute (API) gravity of less than 20 degrees) of all of our refineries. The remaining throughput consists of other feedstocks and blendstocks; and

- as a result of the heavy, sour crude slate processed at Torrance, we produce lower-value products including petroleum coke and sulfur. These products are priced at a significant discount to gasoline and diesel and represent approximately 9% to 11% of our total production volume.

Change in Presentation

As discussed in Note 2 Summary of Significant Accounting Policies to our consolidated financial statements included elsewhere in this prospectus, during the year ended December 31, 2017, we determined that we will revise the presentation of certain line items on our consolidated statements of operations to enhance our disclosure under the requirements of Rule 5-03 of Regulation S-X. The revised presentation is comprised of the inclusion of a subtotal within costs and expenses referred to as Cost of sales and the reclassification of total depreciation and amortization expense between such amounts attributable to cost of sales and other operating costs and expenses. The amount of depreciation and amortization expense that is presented separately within the Cost of sales subtotal represents depreciation and amortization of refining and logistics assets that are integral to the refinery production process. The historical comparative information has been revised to conform to the current presentation. This revised presentation does not have an effect on our historical consolidated income from operations or net income, nor does it have any impact on our consolidated balance sheets, statements of comprehensive income, statements of changes in equity and statements of cash flows.

Results of Operations

The tables below reflect our consolidated financial and operating highlights for the years ended December 31, 2017, 2016 and 2015. We operate in two reportable business segments: Refining and Logistics. Our five oil refineries, excluding the assets owned by PBFX, are all engaged in the refining of crude oil and other feedstocks into petroleum products, and are aggregated into the Refining segment. PBFX is a publicly traded master limited partnership that operates certain logistical assets such as crude oil and refined petroleum products terminals, pipelines and storage facilities. PBFX s operations are aggregated into the Logistics segment. We do not separately discuss our results by individual segments as, apart from the East Coast Terminals, our Logistics segment did not have any significant third party revenue and a significant portion of its operating results eliminate in consolidation.

	Year Ended December 31,		
	2017	2016	2015
	(amounts in thousands)		
Revenues	$ 21,786,637	$ 15,920,424	$ 13,123,929
Costs and expenses:			
Cost of products and other	18,863,621	13,598,341	11,481,614
Operating expenses (excluding depreciation and amortization expense as reflected below)	1,685,611	1,423,198	904,525
Depreciation and amortization expense	277,992	216,341	187,729
Cost of sales	20,827,224	15,237,880	12,573,868
General and administrative expenses (excluding depreciation and amortization expense as reflected below)	214,448	166,252	180,310
Depreciation and amortization expense	12,964	5,835	9,688
Loss (gain) on sale of assets	1,458	11,374	(1,004)
Total cost and expense	21,056,094	15,421,341	12,762,862
Income from operations	730,543	499,083	361,067
Other (expense) income:			
Change in fair value of catalyst leases	(2,247)	1,422	10,184
Debt extinguishment costs	(25,451)		
Interest expense, net	(162,383)	(155,819)	(109,411)
Income before income taxes	540,462	344,686	261,840
Income tax (benefit) expense	(10,783)	23,689	648
Net Income	551,245	320,997	261,192
Less: net income attributable to noncontrolling interests	51,168	40,109	34,880
Net income attributable to PBF Energy Company LLC	$ 500,077	$ 280,888	$ 226,312
Gross margin	$ 1,041,129	$ 727,496	$ 571,524
Gross refining margin (1)	$ 2,676,651	$ 2,143,449	$ 1,512,330

(1) See Non-GAAP Financial Measures below.

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Operating Highlights

	Year Ended December 31,		
	2017	2016	2015
Key Operating Information			
Production (bpd in thousands)	802.9	734.3	511.9
Crude oil and feedstocks throughput (bpd in thousands)	807.4	727.7	516.4
Total crude oil and feedstocks throughput (millions of barrels)	294.7	266.4	188.4
Gross margin per barrel of throughput	$ 3.53	$ 2.73	$ 3.03
Gross refining margin, excluding special items per barrel of throughput (1)	$ 8.08	$ 6.09	$ 10.29
Refinery operating expense, excluding depreciation, per barrel of throughput	$ 5.52	$ 5.22	$ 4.72
Crude and feedstocks (% of total throughput) (2):			
Heavy	34%	26%	14%
Medium	30%	37%	49%
Light	21%	25%	26%
Other feedstocks and blends	15%	12%	11%
Total throughput	100%	100%	100%
Yield (% of total throughput):			
Gasoline and gasoline blendstocks	50%	50%	49%
Distillates and distillate blendstocks	30%	31%	35%
Lubes	1%	1%	1%
Chemicals	2%	3%	3%
Other	16%	15%	12%
Total yield	99%	100%	100%

(1) See Non-GAAP Financial Measures below.
(2) We define heavy crude oil as crude oil with American Petroleum Institute (API) gravity less than 24 degrees. We define medium crude oil as crude oil with API gravity between 24 and 35 degrees. We define light crude oil as crude oil with API gravity higher than 35 degrees.

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The table below summarizes certain market indicators relating to our operating results as reported by Platts.

	Year Ended December 31, 2017	2016	2015
	(dollars per barrel, except as noted)		
Dated Brent Crude	$ 54.18	$ 43.91	$ 52.56
West Texas Intermediate (WTI) crude oil	$ 50.79	$ 43.34	$ 48.71
Light Louisiana Sweet (LLS) crude oil	$ 54.02	$ 45.03	$ 52.36
Alaska North Slope (ANS) crude oil	$ 54.43	$ 43.67	$ 52.44
Crack Spreads			
Dated Brent (NYH) 2-1-1	$ 14.74	$ 13.49	$ 16.35
WTI (Chicago) 4-3-1	$ 15.88	$ 12.38	$ 17.91
LLS (Gulf Coast) 2-1-1	$ 13.57	$ 10.75	$ 14.39
ANS (West Coast) 4-3-1	$ 17.43	$ 16.46	$ 26.46
Crude Oil Differentials			
Dated Brent (foreign) less WTI	$ 3.39	$ 0.56	$ 3.85
Dated Brent less Maya (heavy, sour)	$ 7.16	$ 7.36	$ 8.45
Dated Brent less WTS (sour)	$ 4.37	$ 1.42	$ 3.59
Dated Brent less ASCI (sour)	$ 3.66	$ 3.92	$ 4.57
WTI less WCS (heavy, sour)	$ 12.24	$ 12.57	$ 11.87
WTI less Bakken (light, sweet)	$ (0.26)	$ 1.32	$ 2.89
WTI less Syncrude (light, sweet)	$ (1.74)	$ (2.01)	$ (1.45)
WTI less LLS (light, sweet)	$ (3.23)	$ (1.69)	$ (3.67)
WTI less ANS (light, sweet)	$ (3.63)	$ (0.33)	$ (3.73)
Natural gas (dollars per MMBTU)	$ 3.02	$ 2.55	$ 2.63

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Overview Net income was $551.2 million for the year ended December 31, 2017 compared to $321.0 million for the year ended December 31, 2016. Net income attributable to PBF LLC was $500.1 million for the year ended December 31, 2017 compared to net income attributable to PBF LLC of $280.9 million for the year ended December 31, 2016. The net income attributable to PBF LLC includes PBF LLC s equity interest in its operating subsidiaries net income.

Our results for the year ended December 31, 2017 were positively impacted by a non-cash special item consisting of a lower of cost or market (LCM) inventory adjustment of approximately $295.5 million, whereas our results for the year ended December 31, 2016 were positively impacted by a LCM inventory adjustment of approximately $521.3 million (see Non-GAAP Financial Measures below). Our results for the year ended December 31, 2017 were also impacted by a special item consisting of debt extinguishment costs of approximately $25.5 million related to the redemption of the 2020 Senior Secured Notes (see Non-GAAP Financial Measures below). Excluding the impact of these special items, our results were positively impacted by higher throughput volumes at the majority of our refineries and higher crack spreads realized at each of our refineries, which were impacted by the hurricane-related reduction in refining throughput in the Gulf Coast region and tightening product inventories, specifically distillates, in the second half of the year as well as lower costs to comply with the RFS. Notably, we benefited from the improved operating performance of our Chalmette and Torrance refineries.

Revenues Revenues totaled $21.8 billion for the year ended December 31, 2017 compared to $15.9 billion for the year ended December 31, 2016, an increase of approximately $5.9 billion or 36.8%. Revenues per barrel were $64.90 and $59.77 for the years ended December 31, 2017 and 2016, respectively, an increase of 8.6% directly related to higher hydrocarbon commodity prices. For the year ended December 31, 2017, the total throughput rates at our East Coast, Mid-Continent, Gulf Coast and West Coast refineries averaged approximately 338,200 bpd, 145,200 bpd, 184,500 bpd and 139,500 bpd, respectively. For the year ended December 31, 2016, the total throughput rates at our East Coast, Mid-Continent and Gulf Coast refineries averaged approximately 327,000 bpd, 159,100 bpd and 169,300 bpd, respectively. For the period from its acquisition on July 1, 2016 through December 31, 2016, our West Coast refinery s throughput averaged 143,900 bpd. The throughput rates at our East Coast and Gulf Coast refineries were higher in 2017 compared to 2016. Our West Coast refinery was not acquired until the beginning of the third quarter of 2016. The decrease in throughput rates at our West Coast refinery in 2017 compared to 2016 is primarily due to planned downtime at our Torrance refinery for its first significant turnaround under our ownership, which was completed early in the third quarter of 2017. However, our West Coast refinery throughput averaged 164,000 bpd for the last six months of the year upon completion of the turnaround. For the year ended December 31, 2017, the total refined product barrels sold at our East Coast, Mid-Continent, Gulf Coast and West Coast refineries averaged approximately 363,800 bpd, 160,400 bpd, 227,200 bpd and 168,300 bpd, respectively. For the year ended December 31, 2016, the total refined product barrels sold at our East Coast, Mid-Continent and Gulf Coast refineries averaged approximately 364,100 bpd, 171,800 bpd and 206,400 bpd, respectively. For the period from its acquisition on July 1, 2016 through December 31, 2016, the total refined product barrels sold at our West Coast refinery averaged 179,200 bpd. Total refined product barrels sold were higher than throughput rates, reflecting sales from inventory as well as sales and purchases of refined products outside the refineries.

Gross Margin Gross margin, including refinery operating expenses and depreciation, totaled $1,041.1 million, or $3.53 per barrel of throughput, for the year ended December 31, 2017, compared to $727.5 million, or $2.73 per barrel of throughput, for the year ended December 31, 2016, an increase of $313.6 million. Gross refining margin (as defined below in Non-GAAP Financial Measures) totaled $2,676.7 million, or $9.08 per barrel of throughput ($2,381.1 million or $8.08 per barrel of throughput excluding the impact of special items), for the year ended December 31, 2017 compared to $2,143.4 million, or $8.05 per barrel of throughput ($1,622.1 million or $6.09 per barrel of throughput excluding the impact of special items), for the year ended December 31, 2016, an increase of approximately $533.2 million or an increase of $759.0 million excluding special items.

Excluding the impact of special items, gross margin and gross refining margin increased due to improved crack spreads across each of our refineries, reduced costs to comply with the RFS and positive margin contributions from our Torrance refinery following its first significant turnaround under our ownership, which was completed early in the third quarter of 2017. Costs to comply with our obligation under the RFS totaled $255.2 million for the year ended December 31, 2017 (excluding our West Coast refinery, whose cost to comply with RFS totaled $38.5 million for the year ended December 31, 2017) compared to $325.3 million for the year ended December 31, 2016 (excluding our West Coast refinery, whose costs to comply with RFS totaled $22.2 million for the year ended December 31, 2016). In addition, gross margin and gross refining margin were positively impacted by a non-cash LCM inventory adjustment of approximately $295.5 million on a net basis resulting from an increase in crude oil and refined product prices in comparison to the prices at the end of 2016. The non-cash LCM inventory adjustment increased gross margin and gross refining margin by approximately $521.3 million in the year ended December 31, 2016.

Average industry refining margins in the Mid-Continent were stronger during the year ended December 31, 2017, as compared to the same period in 2016. The WTI (Chicago) 4-3-1 industry crack spread was $15.88 per barrel, or 28.3% higher, in the year ended December 31, 2017, as compared to $12.38 per barrel in the same period in 2016. Our margins were unfavorably impacted by our refinery specific crude slate in the Mid-Continent which was impacted by a declining WTI/Bakken differential partially offset by an improving WTI/Syncrude differential, which averaged a premium of $1.74 per barrel for the year ended December 31, 2017 as compared to a premium of $2.01 per barrel in the same period in 2016.

On the East Coast, the Dated Brent (NYH) 2-1-1 industry crack spread was approximately $14.74 per barrel, or 9.3% higher, in the year ended December 31, 2017 as compared to $13.49 per barrel in the same period in 2016. The Dated Brent/WTI differential was $2.83 higher in the year ended December 31, 2017, as compared to the same period in

2016, partially offset by year over year decreases in the Dated Brent/Maya differential and WTI/Bakken differential of $0.20 and $1.58, respectively.

Gulf Coast industry refining margins improved during the year ended December 31, 2017 as compared to the same period in 2016. The LLS (Gulf Coast) 2-1-1 industry crack spread was $13.57 per barrel, or 26.2% higher, in the year ended December 31, 2017 as compared to $10.75 per barrel in the same period in 2016. Crude differentials weakened with the WTI/LLS differential averaging a premium of $3.23 per barrel during the year ended December 31, 2017 as compared to a premium of $1.69 per barrel in the same period of 2016.

Additionally, we benefited from improvements in the West Coast industry refining margins during the year ended December 31, 2017 as compared to the same period in 2016. The ANS (West Coast) 4-3-1 industry crack spread was $17.43 per barrel, or 5.9% higher, in the year ended December 31, 2017 as compared to $16.46 per barrel in the same period in 2016. Partially offsetting the improved crack spreads, crude differentials weakened with the WTI/ANS differential averaging a premium of $3.63 per barrel during the year ended December 31, 2017 as compared to a premium of $0.33 per barrel in the same period of 2016. As the Torrance refinery was not acquired until the beginning of the third quarter of 2016, we did not benefit from the contribution of this refinery for the full twelve months of the prior year.

Favorable movements in these benchmark crude differentials typically result in lower crude costs and positively impact our earnings, while reductions in these benchmark crude differentials typically result in higher crude costs and negatively impact our earnings.

Operating Expenses Operating expenses totaled $1,685.6 million for the year ended December 31, 2017 compared to $1,423.2 million for the year ended December 31, 2016, an increase of $262.4 million, or 18.4%. Of the total $1,685.6 million of operating expenses, approximately $1,627.6 million, or $5.52 per barrel of throughput, related to expenses incurred by the Refining segment, while the remaining $58.0 million related to expenses incurred by the Logistics segment ($1,390.6 million or $5.22 per barrel, and $32.6 million of operating expenses for the year ended December 31, 2016 related to the Refining and Logistics segment, respectively). The increase in operating expenses was mainly attributable to the operating expenses associated with our Torrance refinery and related logistics assets, which were included in our results for the full year of 2017 as compared with only six months of 2016. For the year ended December 31, 2017 the Torrance refinery and related logistics assets incurred operating expenses of approximately $475.9 million in comparison to $250.5 million for the period from its acquisition on July 1, 2016 to December 31, 2016. Total operating expenses at our refineries, excluding our Torrance refinery, increased slightly for the year ended December 31, 2017, primarily due to higher energy costs and maintenance costs. The increase in energy costs was mainly due to higher natural gas prices while the increase in maintenance costs was mainly due to timing of repairs. The operating expenses related to the Logistics segment consists of costs related to the operation and maintenance of PBFX s assets, which were higher primarily as a result of current period expenses related to certain assets including the Toledo Products Terminal and Torrance Valley Pipeline, which were not in service for the full comparable period in 2016, and higher operating expenses associated with the East Coast Terminals.

General and Administrative Expenses General and administrative expenses totaled $214.4 million for the year ended December 31, 2017, compared to $166.3 million for the year ended December 31, 2016, an increase of approximately $48.2 million or 29.0%. The increase in general and administrative expenses primarily relates to increased employee related expenses of $58.2 million driven by higher incentive compensation costs in the year ended December 31, 2017 as compared to the same period in 2016, attributable to higher average employee headcount and better operating performance. These increases were partially offset by lower costs associated with acquisition and integration related activities which were approximately $8.6 million lower in the year ended December 31, 2017 as compared to the same period in 2016. Our general and administrative expenses are comprised of the personnel, facilities and other infrastructure costs necessary to support our refineries and related logistical assets.

Loss (gain) on Sale of Assets There was a loss of $1.5 million on sale of assets for the year ended December 31, 2017 relating to non-operating refinery assets. There was a loss of $11.4 million for the year ended December 31, 2016 relating to the sale of non-operating refining assets.

Depreciation and Amortization Expense Depreciation and amortization expense totaled $291.0 million for the year ended December 31, 2017 (including $278.0 million recorded within Cost of sales) compared to $222.2 million for the year ended December 31, 2016 (including $216.3 million recorded within Cost of sales), an increase of $68.8 million. The increase was a result of additional depreciation expense associated with the assets acquired in the Torrance Acquisition and a general increase in our fixed asset base due to capital projects and turnarounds completed during 2017 and 2016.

Change in Fair Value of Catalyst Leases Change in the fair value of catalyst leases represented a loss of $2.2 million for the year ended December 31, 2017, compared to a gain of $1.4 million for the year ended December 31, 2016. These gains and losses relate to the change in value of the precious metals underlying the sale and leaseback of our refineries precious metals catalyst, which we are obligated to return or repurchase at fair market value on the lease termination dates.

Debt extinguishment costs Debt extinguishment costs of $25.5 million incurred in the year ended December 31, 2017 relate to nonrecurring charges associated with debt refinancing activity calculated based on the difference between the carrying value of the 2020 Senior Secured Notes on the date that they were reacquired and the amount for which they were reacquired. There were no such costs in the same period of 2016.

Interest Expense, net Interest expense totaled $162.4 million for the year ended December 31, 2017, compared to $155.8 million for the year ended December 31, 2016, an increase of $6.6 million. This net increase is attributable to higher average borrowings under our Revolving Loan partially offset by lower interest expense on a portion of our senior notes that were refinanced in May 2017. Interest expense includes interest on long-term debt and Intercompany Note Payable including the PBFX credit facilities, costs related to the sale and leaseback of our precious metals catalyst, financing costs associated with the A&R Intermediation Agreements with J. Aron, letter of credit fees associated with the purchase of certain crude oils, and the amortization of deferred financing costs.

Income Tax Expense As we are a limited liability company treated as a flow-through entity for income tax purposes, our consolidated financial statements generally do not include a benefit or provision for income taxes for the years ended December 31, 2017 and 2016 apart from the income tax attributable to two subsidiaries of Chalmette Refining that are treated as C-Corporations for income tax purposes and PBF Ltd. Income tax benefit was $10.8 million and income tax expense was $23.7 million for the years ended December 31, 2017 and 2016, respectively.

Noncontrolling Interests We record a noncontrolling interest for the economic interests in PBFX held by the public unit holders of PBFX, and with respect to the consolidation of PBF Holding, the Company records a 20% noncontrolling interest for the ownership interests in two subsidiaries of Chalmette Refining held by a third party. The total noncontrolling interest on the consolidated statement of operations represents the portion of our earnings or loss attributable to the economic interests held by the public common unit holders of PBFX and by the third party holder of certain of Chalmette Refining s subsidiaries. The total noncontrolling interest on the balance sheet represents the portion of our net assets attributable to the economic interests held by the public common unit holders of PBFX and by the third party stockholder of T&M Terminal Company and Collins Pipeline Company.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Overview Net income was $321.0 million for the year ended December 31, 2016 compared to $261.2 million for the year ended December 31, 2015. Net income attributable to PBF LLC was $280.9 million for the year ended December 31, 2016 compared to net income attributable to PBF LLC of $226.3 million for the year ended December 31, 2015. The net income attributable to PBF LLC includes PBF LLC s equity interest in its operating subsidiaries net income.

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Our results for the year ended December 31, 2016 were positively impacted by a non-cash special item consisting of an inventory LCM adjustment of approximately $521.3 million, whereas our results for the year ended December 31, 2015 were negatively impacted by LCM inventory adjustment of approximately $427.2 million. These LCM inventory adjustments were recorded due to significant changes in the price of crude oil and refined products in the periods presented. Excluding the impact of the net change in LCM inventory reserve, our results were negatively impacted by unfavorable movements in certain crude oil differentials, lower crack spreads, increased costs to comply with the RFS, and increased interest costs partially offset by positive earnings contributions from the Chalmette and Torrance refineries and higher throughput in the Mid-Continent. Throughput volumes for 2015 in the Mid-Continent were impacted by unplanned downtime in the second quarter of 2015.

Revenues Revenues totaled $15.9 billion for the year ended December 31, 2016 compared to $13.1 billion for the year ended December 31, 2015, an increase of approximately $2.8 billion or 21.3%. Revenues per barrel were $59.77 and $69.66 for the years ended December 31, 2016 and 2015, respectively, a decrease of 14.2% directly related to lower hydrocarbon commodity prices. For the year ended December 31, 2016, the total throughput rates at our East Coast, Mid- Continent and Gulf Coast refineries averaged approximately 327,000 bpd, 159,100 bpd and 169,300 bpd, respectively. For the period from its acquisition on July 1, 2016 through December 31, 2016, our West Coast refinery s throughput averaged 143,900 bpd. For the year ended December 31, 2015, the total throughput rates at our East Coast and Mid-Continent refineries averaged approximately 330,700 bpd and 153,800 bpd, respectively. For the period from its acquisition on November 1, 2015 through December 31, 2015, our Gulf Coast refinery s throughput averaged 190,800 bpd. The slight decrease in throughput rates at our East Coast refineries in 2016 compared to 2015 is primarily due to weather-related unplanned downtime at our Delaware City refinery in the first quarter of 2016, partially offset by downtime at our Delaware City refinery in 2015. The increase in throughout rates at our Mid-Continent refinery in 2016 is due to unplanned downtime in the second quarter of 2015. Our Gulf Coast and West Coast refineries were not acquired until the fourth quarter of 2015 and third quarter of 2016, respectively. For the year ended December 31, 2016, the total refined product barrels sold at our East Coast, Mid-Continent and Gulf Coast refineries averaged approximately 364,100 bpd, 171,800 bpd and 206,400 bpd, respectively. For the period from its acquisition on July 1, 2016 through December 31, 2016, refined product barrels sold at our West Coast refinery averaged approximately 179,200 bpd. For the year ended December 31, 2015, the total refined product barrels sold at our East Coast and Mid-Continent refineries averaged approximately 366,100 bpd and 162,600 bpd, respectively. For the period from its acquisition on November 1, 2015 through December 31, 2015, the total refined product barrels sold at our Gulf Coast refinery averaged 216,100 bpd. Total refined product barrels sold were higher than throughput rates, reflecting sales from inventory as well as sales and purchases of refined products outside the refineries.

Gross Margin Gross margin, including refinery operating expenses and depreciation, totaled $727.5 million, or $2.73 per barrel of throughput, for the year ended December 31, 2016, compared to $571.5 million, or $3.03 per barrel of throughput, for the year ended December 31, 2015, an increase of $156.0 million. Gross refining margin (as defined below in Non-GAAP Financial Measures) totaled $2,143.4 million, or $8.05 per barrel of throughput ($1,622.1 million or $6.09 per barrel of throughput excluding the impact of special items), for the year ended December 31, 2016 compared to $1,512.3 million, or $8.02 per barrel of throughput ($1,939.6 million or $10.29 per barrel of throughput excluding the impact of special items), for the year ended December 31, 2015, an increase of approximately $631.1 million or a decrease of $317.5 million excluding special items.

Excluding the impact of special items, gross margin and gross refining margin decreased due to unfavorable movements in certain crude differentials, lower crack spreads as persistent above-average refined product inventory levels weighed on margins, and increased costs to comply with the RFS, partially offset by higher throughput rates in the Mid-Continent and positive margin contributions from the Chalmette and Torrance refineries acquired in the fourth quarter of 2015 and third quarter of 2016, respectively. Costs to comply with our obligation under the RFS totaled $236.2 million for the year ended December 31, 2016 (excluding our Gulf Coast and West Coast refineries, whose costs to comply with RFS totaled $111.3 million for the year ended

December 31, 2016) compared to $163.6 million for the year ended December 31, 2015 (excluding our Gulf Coast refinery, whose costs to comply with RFS totaled $8.0 million for the year ended December 31, 2015). In addition, gross margin and gross refining margin were positively impacted by a non-cash LCM adjustment of approximately $521.3 million resulting from the change in crude oil and refined product prices from the year ended 2015 to the year ended 2016 which, while remaining below historical costs, increased since the prior year end. The non-cash LCM inventory adjustment decreased gross margin and gross refining margin by approximately $427.2 million in the year ended December 31, 2015.

Average industry refining margins in the Mid-Continent were weaker during the year ended December 31, 2016, as compared to the same period in 2015. The WTI (Chicago) 4-3-1 industry crack spread was $12.38 per barrel, or 30.9% lower, in the year ended December 31, 2016, as compared to $17.91 per barrel in the same period in 2015. Our margins were negatively impacted from our refinery specific crude slate in the Mid-Continent which was impacted by a declining WTI/Bakken differential and a declining WTI/Syncrude differential, which averaged a premium of $2.01 per barrel for the year ended December 31, 2016 as compared to a premium of $1.45 per barrel in the same period in 2015.

The Dated Brent (NYH) 2-1-1 industry crack spread was approximately $13.49 per barrel, or 17.5% lower, in the year ended December 31, 2016, as compared to $16.35 per barrel in the same period in 2015. The Dated Brent/WTI differential and Dated Brent/Maya differential were $3.29 and $1.09 lower, respectively, in the year ended December 31, 2016, as compared to the same period in 2015. In addition, the WTI/Bakken differential was approximately $1.57 per barrel less favorable in the year ended December 31, 2016 as compared to the same period in 2015. Reductions in these benchmark crude differentials typically result in higher crude costs and negatively impact our earnings.

Operating Expenses Operating expenses totaled $1,423.2 million for the year ended December 31, 2016 compared to $904.5 million for the year ended December 31, 2015, an increase of $518.7 million, or 57.3%. Of the total $1,423.2 million of operating expenses, approximately $1,390.6 million, or $5.22 per barrel of throughput, related to expenses incurred by the Refining segment, while the remaining $32.6 million related to expenses incurred by the Logistics segment ($15.1 million of operating expenses for the year ended December 31, 2015 related to the Logistics segment). The increase in operating expenses was mainly attributable to the operating expenses associated with the Chalmette and Torrance refineries and related logistics assets. For the year ended December 31, 2016 and for the period from its acquisition on November 1, 2015 to December 31, 2015, the Chalmette refinery and related logistics assets incurred operating expenses of approximately $343.9 million and $52.1 million, respectively. In the period from its acquisition on July 1, 2016 to December 31, 2016, the Torrance refinery and related logistics assets incurred operating expenses of approximately $250.5 million. Total operating expenses at our refineries, excluding our Chalmette and Torrance refineries, decreased slightly for the year ended December 31, 2016, primarily due to lower energy costs and maintenance costs. The reduction in energy costs was mainly due to lower natural gas prices while the reduction in maintenance costs was mainly due to timing of repairs and certain non-recurring maintenance costs incurred in 2015. These reductions were partially offset by higher employee-related expenses, primarily attributable to merit increases in salaries. The operating expenses related to the Logistics segment consists of costs related to the operation and maintenance of PBFX s assets, which were higher primarily due to the PBFX Plains Asset Purchase in 2016 and the acquisition from PBF LLC of 50% of the issued and outstanding limited liability company interests of TVPC.

General and Administrative Expenses General and administrative expenses totaled $166.3 million for the year ended December 31, 2016, compared to $180.3 million for the year ended December 31, 2015, a decrease of $14.1 million or 7.8%. The decrease in general and administrative expenses for the year ended December 31, 2016 over 2015 primarily relates to reduced employee related expenses of $39.3 million mainly due to lower incentive compensation expenses, partially offset by $15.6 million in additional outside services costs to support our acquisitions and related integration activities, an increase of $9.2 million in equity compensation expense related to incremental grants in 2016 and accelerated vesting of awards due to retirements, as well as increased

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expenses of $3.1 million at PBFX, primarily as a result of the PBFX Plains Asset Purchase. Our general and administrative expenses are comprised of the personnel, facilities and other infrastructure costs necessary to support our refineries.

Loss (gain) on Sale of Assets There was a loss of $11.4 million on sale of assets for the year ended December 31, 2016 relating to the sale of non-refining assets as compared to a gain of $1.0 million for the year ended December 31, 2015, which related to the sale of railcars which were subsequently leased back.

Depreciation and Amortization Expense Depreciation and amortization expense totaled $222.2 million for the year ended December 31, 2016 (including $216.3 million recorded within Cost of sales), compared to $197.4 million for the year ended December 31, 2015 (including $187.7 million recorded within Cost of sales), an increase of $24.8 million. The increase was a result of additional depreciation expense associated with the assets acquired in the Chalmette and Torrance Acquisitions and the PBFX Plains Asset Purchase, and a general increase in our fixed asset base due to capital projects and turnarounds completed during 2016 and 2015.

Change in Fair Value of Catalyst Leases Change in the fair value of catalyst leases represented a gain of $1.4 million for the year ended December 31, 2016, compared to a gain of $10.2 million for the year ended December 31, 2015. These gains relate to the change in value of the precious metals underlying the sale and leaseback of our refineries precious metals catalyst, which we are obligated to return or repurchase at fair market value on the lease termination dates.

Interest Expense, net Interest expense totaled $155.8 million for the year ended December 31, 2016, compared to $109.4 million for the year ended December 31, 2015, an increase of $46.4 million. This increase is mainly attributable to higher interest costs associated with the issuance of the 2023 Senior Notes in November 2015 and the drawdown on our Revolving Loan to partially fund the Torrance Acquisition in July 2016, partially offset by lower letter of credit fees and lower outstanding balance on our Intercompany Note Payable. Interest expense includes interest on long-term debt and Intercompany Note Payable including the PBFX credit facilities, costs related to the sale and leaseback of our precious metals catalyst, financing costs associated with the A&R Intermediation Agreements with J. Aron, letter of credit fees associated with the purchase of certain crude oils, and the amortization of deferred financing costs.

Income Tax Expense As we are a limited liability company treated as a flow-through entity for income tax purposes, our consolidated financial statements generally do not include a benefit or provision for income taxes for the years ended December 31, 2016 and 2015, apart from the income tax attributable to two subsidiaries of Chalmette Refining that are treated as C-Corporations for income tax purposes and PBF Ltd. Income tax expense was $23.7 million and $0.7 million for the years ended December 31, 2016 and 2015, respectively. Income tax expense for the year ended December 31, 2016 included a charge of $30.7 million related to a correction of prior periods.

Noncontrolling Interests We record a noncontrolling interest for the economic interests in PBFX held by the public unit holders of PBFX and with respect to the consolidation of PBF Holding, we record a 20% noncontrolling interest for the ownership interests in two subsidiaries of Chalmette Refining held by a third party. The total noncontrolling interest on the consolidated statement of operations represents the portion of our earnings or loss attributable to the economic interests held by the public common unit holders of PBFX and by the third party holder of Chalmette Refining s subsidiaries. The total noncontrolling interest on the balance sheet represents the portion of our net assets attributable to the economic interests held by the public common unit holders of PBFX and by the third party stockholder of T&M Terminal Company and Collins Pipeline Company.

Non-GAAP Financial Measures

Management uses certain financial measures to evaluate our operating performance that are calculated and presented on the basis of methodologies other than in accordance with GAAP (non-GAAP   ). These measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP, and our calculations thereof may not be comparable to similarly entitled measures reported by other companies.

Special Items

The non-GAAP measures presented include EBITDA excluding special items, and gross refining margin excluding special items. The special items for the periods presented relate to an LCM inventory adjustment and debt extinguishment costs (as further explained in *Notes to Non-GAAP Financial Measures* below). Although we believe that non-GAAP financial measures, excluding the impact of special items, provide useful supplemental information to investors regarding the results and performance of our business and allow for helpful period-over-period comparisons, such non-GAAP measures should only be considered as a supplement to, and not as a substitute for, or superior to, the financial measures prepared in accordance with GAAP.

Gross Refining Margin and Gross Refining Margin Excluding Special Items

Gross refining margin is defined as gross margin excluding refinery depreciation, refinery operating expenses and gross margin of PBFX. We believe both gross refining margin and gross refining margin excluding special items are important measures of operating performance and provide useful information to investors because they are helpful metric comparisons to the industry refining margin benchmarks, as the refining margin benchmarks do not include a charge for refinery operating expenses and depreciation. In order to assess our operating performance, we compare our gross refining margin (revenue less cost of products and other) to industry refining margin benchmarks and crude oil prices as defined in the table below.

Neither gross refining margin nor gross refining margin excluding special items should be considered an alternative to gross margin, operating income, net cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Gross refining margin and gross refining margin excluding special items presented by other companies may not be comparable to our presentation, since each company may define these terms differently. The following table presents our GAAP calculation of gross margin and a reconciliation of gross refining margin to the most directly comparable GAAP financial measure, gross margin, on a historical basis, as applicable, for each of the periods indicated (in thousands, except per barrel amounts):

	Year Ended December 31,					
	2017		2016		2015	
	$	per barrel of throughput	$	per barrel of throughput	$	per barrel of throughput
Calculation of gross margin:						
Revenues	$ 21,786,637	$ 73.92	$ 15,920,424	$ 59.77	$ 13,123,929	$ 69.66
Less: Costs of products and other	18,863,621	64.01	13,598,341	51.05	11,481,614	60.95
Less: Refinery operating expense	1,627,616	5.52	1,390,582	5.22	889,368	4.72
Less: Refinery depreciation expense	254,271	0.86	204,005	0.77	181,423	0.96
Gross margin	$ 1,041,129	$ 3.53	$ 727,496	$ 2.73	$ 571,524	$ 3.03
Reconciliation of gross margin to gross refining margin:						
Gross margin	$ 1,041,129	$ 3.53	$ 727,496	$ 2.73	$ 571,524	$ 3.03
Less: Revenues of PBFX	(254,813)	(0.86)	(187,335)	(0.70)	(138,719)	(0.74)
Add: Affiliate Cost of sales of PBFX	8,448	0.03	8,701	0.03	8,734	0.05
Add: Refinery operating expense	1,627,616	5.52	1,390,582	5.22	889,368	4.72
Add: Refinery depreciation expense	254,271	0.86	204,005	0.77	181,423	0.96
Gross refining margin	$ 2,676,651	$ 9.08	$ 2,143,449	$ 8.05	$ 1,512,330	$ 8.02
Special Items:						
Add: Non-cash LCM inventory adjustment [1]	(295,532)	(1.00)	(521,348)	(1.96)	427,226	2.27
Gross refining margin excluding special items	$ 2,381,119	$ 8.08	$ 1,622,101	$ 6.09	$ 1,939,556	$ 10.29

See Notes to Non-GAAP Financial Measures below.

EBITDA, EBITDA Excluding Special Items and Adjusted EBITDA

Our management uses EBITDA (earnings before interest, income taxes, depreciation and amortization), EBITDA excluding special items and Adjusted EBITDA as measures of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends, as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations, and in communications with our board of directors, creditors, analysts and investors concerning our financial performance. Our outstanding indebtedness for borrowed money and other contractual obligations also include similar measures as a basis for certain covenants under those agreements which may differ from the Adjusted EBITDA definition described below.

EBITDA, EBITDA excluding special items and Adjusted EBITDA are not presentations made in accordance with GAAP and our computation of EBITDA, EBITDA excluding special items and Adjusted EBITDA may vary from others in our industry. In addition, Adjusted EBITDA contains some, but not all, adjustments that are taken into account in the calculation of the components of various covenants in the agreements governing our senior notes and other credit facilities. EBITDA, EBITDA excluding special items and Adjusted EBITDA should not be considered as alternatives to operating income (loss) or net income (loss) as measures of operating performance. In addition, EBITDA, EBITDA excluding special items and Adjusted EBITDA are not presented as, and should not be considered, an alternative to cash flows from operations as a measure of liquidity. Adjusted EBITDA is defined as EBITDA before adjustments for items such as equity-based compensation expense, gains (losses) from certain derivative activities and contingent consideration, the non-cash change in the deferral of gross profit related to the sale of certain finished products, the write down of inventory to the LCM and debt extinguishment costs related to refinancing activities. Other companies, including other companies in our industry, may calculate EBITDA, EBITDA excluding special items and Adjusted EBITDA differently than we do, limiting their usefulness as comparative measures. EBITDA, EBITDA excluding special items and Adjusted EBITDA also have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations include that EBITDA, EBITDA excluding special items and Adjusted EBITDA:

- do not reflect depreciation expense or our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- do not reflect changes in, or cash requirements for, our working capital needs;
- do not reflect our interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- do not reflect realized and unrealized gains and losses from certain hedging activities, which may have a substantial impact on our cash flow;
- do not reflect certain other non-cash income and expenses; and
- exclude income taxes that may represent a reduction in available cash.

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The following tables reconcile net income as reflected in our results of operations to EBITDA, EBITDA excluding special items, and Adjusted EBITDA for the periods presented (in thousands):

	Year Ended December 31,		
	2017	**2016**	**2015**
Reconciliation of net income to EBITDA and EBITDA excluding special items:			
Net income	$ 551,245	$ 320,997	$ 261,192
Add: Depreciation and amortization expense	290,956	222,176	197,417
Add: Interest expense, net	162,383	155,819	109,411
Add: Income tax (benefit) expense	(10,783)	23,689	648
EBITDA	$ 993,801	$ 722,681	$ 568,668
Special Items:			
Add: Non-cash LCM inventory adjustment (1)	(295,532)	(521,348)	427,226
Add: Debt extinguishment costs (1)	25,451		
EBITDA excluding special items	$ 723,720	$ 201,333	$ 995,894
Reconciliation of EBITDA to Adjusted EBITDA:			
EBITDA	$ 993,801	$ 722,681	$ 568,668
Add: Stock based compensation	26,848	22,656	13,497
Add: Net non-cash change in fair value of catalyst leases	2,247	(1,422)	(10,184)
Add: Non-cash LCM inventory adjustment (1)	(295,532)	(521,348)	427,226
Add: Debt extinguishment costs (1)	25,451		
Adjusted EBITDA	$ 752,815	$ 222,567	$ 999,207

See Notes to Non-GAAP Financial Measures below.

Notes to Non-GAAP Financial Measures

The following note is applicable to the Non-GAAP Financial Measures above:

(1) Special items: In accordance with GAAP, we are required to state our inventories at the lower of cost or market. Our inventory cost is determined by the last-in, first-out (LIFO) inventory valuation methodology, in which the most recently incurred costs are charged to cost of sales and inventories are valued at base layer acquisition costs. Market is determined based on an assessment of the current estimated replacement cost and net realizable selling price of the inventory. In periods where the market price of our inventory declines substantially, cost values of inventory may exceed market values. In such instances, we record an adjustment to write down the value of inventory to market value in accordance with GAAP. In subsequent periods, the value of inventory is reassessed and an LCM inventory adjustment is recorded to reflect the net change in the LCM inventory reserve between the

prior period and the current period.

The following table includes the lower of cost or market inventory reserve as of each date presented (in thousands):

	2017	**2016**	**2015**
January 1,	$ 595,988	$ 1,117,336	$ 690,110
December 31,	300,456	595,988	1,117,336

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The following table includes the corresponding impact of changes in the lower of cost or market inventory reserve on both operating income and net income for the periods presented (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Net LCM inventory adjustment benefit (charge) in both operating and net income	$ 295,532	$ 521,348	$ (427,226)

Additionally, during the year ended December 31, 2017, we recorded debt extinguishment costs of $25.5 million related to the redemption of the 2020 Senior Secured Notes. These nonrecurring charges decreased both operating and net income by $25.5 million for the year ended December 31, 2017. There were no such costs in the years ended December 31, 2016 and December 31, 2015.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are our cash flows from operations and borrowing availability under our credit facilities, as more fully described below. We believe that our cash flows from operations and available capital resources will be sufficient to meet our and our subsidiaries capital expenditure, working capital, distribution payments, debt service and share repurchase program requirements, for the next twelve months. However, our ability to generate sufficient cash flow from operations depends, in part, on petroleum market pricing and general economic, political and other factors beyond our control. We are in compliance as of December 31, 2017 with all of the covenants, including financial covenants, in all of our debt agreements.

Cash Flow Analysis

Cash Flows from Operating Activities

Net cash provided by operating activities was $594.0 million for the year ended December 31, 2017 compared to net cash provided by operating activities of $670.0 million for the year ended December 31, 2016. Our operating cash flows for the year ended December 31, 2017 included our net income of $551.2 million, depreciation and amortization of $299.9 million, pension and other post-retirement benefits costs of $42.2 million, equity-based compensation of $26.8 million, debt extinguishment costs related to the refinancing of our 2020 Senior Secured Notes of $25.5 million, the change in the fair value of our inventory repurchase obligations of $13.8 million, changes in the fair value of our catalyst leases of $2.2 million and a loss on the sale of assets of $1.5 million, partially offset by deferred income taxes of $12.5 million and net non-cash benefits relating to an LCM inventory adjustment of $295.5 million. In addition, net changes in operating assets and liabilities reflected uses of cash of approximately $61.1 million driven by the timing of inventory purchases, payments for accrued expenses and accounts payable and collections of accounts receivable. Our operating cash flows for the year ended December 31, 2016 included our net income of $321.0 million, depreciation and amortization of $232.9 million, deferred income taxes of $19.8 million, the change in the fair value of our inventory repurchase obligations of $29.5 million, pension and other post-retirement benefits costs of $38.0 million, equity-based compensation of $22.7 million and a loss on the sale of assets of $11.4 million, partially offset by net non-cash benefits relating to an LCM inventory adjustment of $521.3 million and changes in the fair value of our catalyst leases of $1.4 million. In addition, net changes in operating assets and liabilities reflected sources of cash of approximately $517.5 million driven by the timing of inventory purchases, payments for accrued expenses and accounts payable and collections of accounts receivable.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Net cash provided by operating activities was $670.0 million for the year ended December 31, 2016 compared to net cash provided by operating activities of $703.3 million for the year ended December 31, 2015.

Our operating cash flows for the year ended December 31, 2016 included our net income of $321.0 million, depreciation and amortization of $232.9 million, deferred income taxes of $19.8 million, the change in the fair value of our inventory repurchase obligations of $29.5 million, pension and other post-retirement benefits costs of $38.0 million, equity-based compensation of $22.7 million and a loss on the sale of assets of $11.4 million, partially offset by net non-cash benefits relating to an LCM adjustment of $521.3 million and changes in the fair value of our catalyst leases of $1.4 million. In addition, net changes in operating assets and liabilities reflected sources of cash of approximately $517.5 million driven by the timing of inventory purchases, payments for accrued expenses and accounts payable and collections of accounts receivable. Our operating cash flows for the year ended December 31, 2015 included our net income of $261.2 million, plus net non-cash charges relating to an LCM adjustment of $427.2 million, depreciation and amortization of $207.0 million, the change in the fair value of our inventory repurchase obligations of $63.4 million, pension and other post-retirement benefits costs of $27.0 million, and stock-based compensation of $13.5 million, partially offset by change in the fair value of our catalyst leases of $10.2 million and a gain on the sale of assets of $1.0 million. In addition, net changes in operating assets and liabilities reflected uses of cash of $284.8 million driven by inventory purchases and timing of liability payments.

Cash Flows from Investing Activities

Net cash used in investing activities was $687.0 million for the year ended December 31, 2017 compared to $1,393.9 million for the year ended December 31, 2016. The net cash flows used in investing activities for the year ended December 31, 2017 was comprised of cash outflows of $306.7 million for capital expenditures, expenditures for refinery turnarounds of $379.1 million, expenditures for other assets of $31.1 million and expenditures for the acquisition of the Toledo Products Terminal by PBFX of $10.1 million, partially offset by $40.0 million of net maturities of marketable securities. Net cash used in investing activities for the year ended December 31, 2016 was comprised of cash outflows of $971.9 million used to fund the Torrance Acquisition, capital expenditures totaling $298.7 million, expenditures for turnarounds of $198.7 million, expenditures for other assets of $42.5 million, cash consideration of $98.4 million used to fund the PBFX Plains Asset Purchase, and final net working capital settlement of $2.7 million associated with the acquisition of the Chalmette refinery, partially offset by $194.2 million of net maturities of marketable securities and $24.7 million in proceeds from the sale of assets.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Net cash used in investing activities was $1,393.9 million for the year ended December 31, 2016 compared to $812.1 million for the year ended December 31, 2015. The net cash flows used in investing activities for the year ended December 31, 2016 was comprised of cash outflows of $971.9 million used to fund the Torrance Acquisition, capital expenditures totaling $298.7 million, expenditures for turnarounds of $198.7 million, expenditures for other assets of $42.5 million, cash consideration of $98.4 million used to fund the PBFX Plains Asset Purchase, and a final net working capital settlement of $2.7 million associated with the acquisition of the Chalmette refinery, partially offset by $194.2 million of net maturities of marketable securities and $24.7 million in proceeds from the sale of assets. The net cash flows used in investing activities for the year ended December 31, 2015 was comprised of $565.3 million used in the acquisition of the Chalmette refinery, capital expenditures totaling $354.0 million, expenditures for turnarounds of $53.6 million, and expenditures for other assets of $8.2 million, partially offset by $168.3 million in proceeds from the sale of assets and net sale of marketable securities of $0.7 million.

Cash Flows from Financing Activities

Net cash used in financing activities was $79.9 million for the year ended December 31, 2017 compared to net cash provided by financing activities of $520.1 million for the year ended December 31, 2016. For the year ended December 31, 2017, net cash used in financing activities consisted of distributions to PBF LLC members of $136.3

million, distributions to PBFX public unitholders of $43.5 million, full repayment of the PBFX Term

Loan of $39.7 million, net repayment of the PBFX Revolver of $159.5 million, payments of principal under the PBF Rail Term Loan of $6.6 million, deferred financing costs related to the PBFX 2023 Senior Notes of $3.7 million, distributions to T&M and Collins minority interest holders of $1.8 million, repayment of the note payable of $1.2 million and repurchases of PBF Energy s common stock and PBF LLC Series C Units in connection with tax withholding obligations upon the vesting of certain restricted stock awards totaling $1.0 million, partially offset by the proceeds from the issuance of the new PBFX 2023 Senior Notes of $178.5 million, proceeds from the intercompany loan from PBF Energy of $102.8 million, cash proceeds of $21.4 million from the issuance of the 2025 Senior Notes net of cash paid to redeem the 2020 Senior Secured Notes and related issuance costs and proceeds from precious metals catalyst leases of $10.8 million. Additionally, during the year ended December 31, 2017, we borrowed and repaid $490.0 million under our Revolving Loan resulting in no net change to amounts outstanding for the year ended December 31, 2017. For the year ended December 31, 2016, net cash provided by financing activities consisted primarily of $138.4 million in proceeds from the issuance of PBFX common units, net proceeds from the Revolving Loan of $350.0 million, $275.3 million in proceeds from the December 2016 Equity Offering, net proceeds from the PBFX Revolving Credit Facility of $164.7 million, proceeds from the PBF Rail Term Loan of $35.0 million, proceeds from precious metals catalyst leases of $15.6 million and deferred finance charges and other of $0.9 million, partially offset by distributions to PBF LLC members of $139.7 million, repayments on the PBFX Term Loan of $194.5 million, repayments on the Rail Facility of $67.5 million, distributions to PBFX public unitholders of $32.8 million, repayment on the intercompany loan with PBF Energy of $24.5 million and repurchases of PBF Energy s common stock and PBF LLC Series C Units in connection with tax withholding obligations upon the vesting of certain restricted stock awards totaling $0.7 million.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Net cash provided by financing activities was $520.1 million for the year ended December 31, 2016 compared to net cash provided by financing activities of $679.9 million for the year ended December 31, 2015. For the year ended December 31, 2016, net cash provided by financing activities consisted primarily of $138.4 million in proceeds from the issuance of PBFX common units, net proceeds from the Revolving Loan of $350.0 million, $275.3 million in proceeds from the December 2016 Equity Offering, net proceeds from the PBFX Revolving Credit Facility of $164.7 million, proceeds from the PBF Rail Term Loan of $35.0 million, proceeds from precious metal catalyst leases of $15.6 million and deferred finance charges and other of $0.9 million, partially offset by distributions to PBF LLC members of $139.7 million, repayments on the PBFX Term Loan of $194.5 million, repayments on the Rail Facility of $67.5 million, distributions to PBFX public unitholders of $32.8 million, repayment on the intercompany loan with PBF Energy of $24.5 million, and repurchases of PBF Energy s common stock and PBF LLC Series C Units in connection with tax withholding obligations upon the vesting of certain restricted stock awards totaling $0.7 million. For the year ended December 31, 2015, net cash provided by financing activities consisted primarily of $500.0 million in proceeds from the 2023 Senior Notes, $350.0 million in proceeds from the PBFX 2023 Senior Notes, $345.0 million in proceeds from the October 2015 Equity Offering, $104.9 million in proceeds from the intercompany loan with PBF Energy and $30.1 million in net proceeds from the Rail Facility, partially offset by distributions to PBF LLC members of $350.7 million, net repayments on the PBFX Revolving Credit Facility of $250.6 million, distributions to PBFX public unitholders of $22.8 million, deferred financing charges and other of $17.2 million, repurchases of PBF Energy s common stock and PBF LLC Series C Units in connection with tax withholding obligations upon the vesting of certain restricted stock awards totaling $8.1 million, and net repayments of the PBFX Term Loan of $0.7 million.

Capital Structure

Our capital structure was comprised of the following as of December 31, 2017 (in millions):

		December 31, 2017
Debt, including current maturities:		
PBF LLC debt		
Intercompany loan with PBF Energy	$	292.8
PBF Holding debt		
7.25% Senior Notes due 2025		725.0
7.00% Senior Notes due 2023 (1)		500.0
Revolving Loan		350.0
PBF Rail Term Loan		28.4
Note payable		5.6
Catalyst leases		59.0
PBF Holding debt		1,668.0
PBFX debt		
PBFX Revolving Credit Facility (2)		29.7
6.875% PBFX Senior Notes due 2023 (2)		525.0
PBFX debt		554.7
Unamortized deferred financing costs		(34.5)
Unamortized premium on new PBFX 2023 Senior Notes		3.4
Total debt, net of unamortized deferred financing costs, premium and intercompany loan		2,191.6
Total PBF Energy Company LLC equity (3)		2,422.4

(1) These notes became unsecured following the occurrence of the Collateral Fall-Away Event as defined under the indenture governing the 2025 Senior Notes, which occurred on May 30, 2017.
(2) On October 6, 2017, PBFX issued $175.0 million in aggregate principal amount of the new PBFX 2023 Senior Notes. The new PBFX 2023 Senior Notes were issued under the indenture governing the initial PBFX 2023 Senior Notes issued on May 12, 2015. PBFX used the net proceeds from the offering of the new PBFX 2023 Senior Notes to repay a portion of the PBFX Revolving Credit Facility and for general partnership purposes.
(3) Total PBF Energy Company LLC equity excludes noncontrolling interest of $456.1 million.

2017 Debt Transactions

On October 6, 2017, PBFX issued the new PBFX 2023 Senior Notes. The new PBFX 2023 Senior Notes were issued under the indenture governing the initial PBFX 2023 Senior Notes issued on May 12, 2015. The new PBFX 2023 Senior Notes are treated as a single series with the initial PBFX 2023 Senior Notes and have the same terms as those initial notes except that (i) the new PBFX 2023 Senior Notes are subject to a separate registration rights agreement and (ii) the new PBFX 2023 Senior Notes were issued initially under CUSIP numbers different from the initial PBFX

2023 Senior Notes. PBFX used the net proceeds from the new PBFX 2023 Senior Notes to repay a portion of the PBFX Revolving Credit Facility and for general partnership purposes.

On May 30, 2017, PBF Holding entered into an Indenture (the Indenture) among PBF Holding and PBF Holding s wholly-owned subsidiary, PBF Finance (together with PBF Holding, the Issuers), the guarantors named therein (collectively the Guarantors) and Wilmington Trust, National Association, as Trustee, under which the Issuers issued $725.0 million in aggregate principal amount of the 2025 Senior Notes. The Issuers received net proceeds of approximately $711.6 million from the offering after deducting the initial purchasers discount and estimated offering expenses. PBF Holding used the net proceeds to fund the cash tender offer (the

Tender Offer) for any and all of its outstanding 2020 Senior Secured Notes, to pay the related redemption price and accrued and unpaid interest for any 2020 Senior Secured Notes that remained outstanding after the completion of the Tender Offer, and for general corporate purposes. The difference between the carrying value of the 2020 Senior Secured Notes on the date they were reacquired and the amount for which they were reacquired has been classified as debt extinguishment costs in the consolidated statements of operations.

As noted in Note 9 Credit Facility and Debt to our consolidated financial statements included elsewhere in this prospectus, during 2017 PBFX used borrowings under the PBFX Revolving Credit Facility to repay the amount outstanding under the PBFX Term Loan. The PBFX Term Loan was fully repaid as of December 31, 2017.

Revolving Credit Facilities Overview

Our primary sources of liquidity are cash flows from operations with additional sources available under borrowing capacity from our revolving lines of credit. As of December 31, 2017, we had $562.0 million of cash and cash equivalents, $350.0 million outstanding under the PBF Holding Revolving Loan and $29.7 million outstanding under the PBFX Revolving Credit Facility. We believe available capital resources will be adequate to meet our capital expenditure, working capital and debt service requirements. We had available capacity under revolving credit facilities as follows at December 31, 2017 (in millions):

	Total Capacity	Amount Borrowed as of December 31, 2017	Outstanding Letters of Credit	Available Capacity	Expiration date
PBF Holding Revolving Loan (a)	$ 2,635.0	$ 350.0	$ 586.3	$ 869.0	August 2019
PBFX Revolving Credit Facility	360.0	29.7	3.6	326.7	May 2019
Total Credit Facilities	$ 2,995.0	$ 379.7	$ 589.9	$ 1,195.7	

(a) The amount available for borrowings and letters of credit under the Revolving Loan is calculated according to a borrowing base formula based on (i) 90% of the book value of eligible accounts receivable with respect to investment grade obligors plus (ii) 85% of the book value of eligible accounts receivable with respect to non-investment grade obligors plus (iii) 80% of the cost of eligible hydrocarbon inventory plus (iv) 100% of cash and cash equivalents in deposit accounts subject to a control agreement. The borrowing base is subject to customary reserves and eligibility criteria and in any event cannot exceed $2.635 billion.

Additional Information on Indebtedness

Our debt, including our revolving credit facilities, term loans and senior notes, include certain typical financial covenants and restrictions on our subsidiaries ability to, among other things, incur or guarantee new debt, engage in certain business activities including transactions with affiliates and asset sales, make investments or distributions, engage in mergers or pay dividends in certain circumstances. These covenants are subject to a number of important exceptions and qualifications. For further discussion of our indebtedness and these covenants and restrictions, see Note 9 Credit Facility and Debt to our consolidated financial statements included elsewhere in this prospectus.

PBF Holding and PBFX were in compliance with their respective covenants as of December 31, 2017.

Cash Balances

As of December 31, 2017, our cash and cash equivalents totaled $562.0 million.

Liquidity

As of December 31, 2017, our total liquidity was approximately $1,431.0 million, compared to total liquidity of approximately $1,269.6 million as of December 31, 2016. Our total liquidity is equal to the amount of excess availability under the Revolving Loan, which includes our cash balance at December 31, 2017. Separately, as of December 31, 2017 PBFX had approximately $326.7 million of borrowing capacity under the PBFX Revolving Credit Facility which is available to fund working capital, acquisitions, distributions, capital expenditures, and other general corporate purposes.

Share Repurchases

PBF Energy s Board of Directors authorized the repurchase of up to $300.0 million of our Series C Units, through the repurchase of PBF Energy s Class A common stock, which expires on September 30, 2018. No repurchases of our Series C Units were made during the twelve months ended December 31, 2017. As of December 31, 2017, we have purchased approximately 6.05 million Series C Units under the Repurchase Program for $150.8 million through the purchase of PBF Energy s Class A common stock in open market transactions and had the ability to purchase approximately an additional $149.2 million of our Series C Units under the approved Repurchase Program, through the purchase of PBF Energy s Class A common stock in open market transactions.

These repurchases may be made from time to time through various methods, including open market transactions, block trades, accelerated share repurchases, privately negotiated transactions or otherwise, certain of which may be effected through Rule 10b5-1 and Rule 10b-18 plans. The timing and number of shares repurchased will depend on a variety of factors, including price, capital availability, legal requirements and economic and market conditions. We are not obligated to purchase any units under the Repurchase Program, and repurchases may be suspended or discontinued at any time without prior notice.

Working Capital

Our working capital at December 31, 2017 was approximately $1,351.7 million, consisting of $3,780.2 million in total current assets and $2,428.5 million in total current liabilities. Our working capital at December 31, 2016 was $1,233.6 million, consisting of $3,300.7 million in total current assets and $2,067.1 million in total current liabilities. Working capital has increased primarily as a result of positive earnings offset by capital expenditures, including turnaround costs, and dividends and distributions, during the year ended December 31, 2017.

Crude and Feedstock Supply Agreements

Certain of our purchases of crude oil under our agreements with foreign national oil companies require that we post letters of credit and arrange for shipment. We pay for the crude when invoiced, at which time the letters of credit are lifted.

We have crude and feedstock supply agreements with PDVSA to supply 40,000 bpd to 60,000 bpd of crude oil that can be processed at any of our East and Gulf Coast refineries. We have not sourced crude oil under this arrangement since the third quarter of 2017 as PDVSA has suspended deliveries due to the parties inability to agree to mutually acceptable payment terms.

In connection with the closing of the Torrance Acquisition, we entered into a crude supply agreement with ExxonMobil for approximately 60,000 bpd of crude oil that can be processed at our Torrance refinery.

Inventory Intermediation Agreements

On May 4, 2017 and September 8, 2017, PBF Holding and its subsidiaries, DCR and PRC, entered into amendments to the A&R Intermediation Agreements with J. Aron, pursuant to which certain terms of the existing inventory intermediation agreements were amended, including, among other things, pricing and an extension of the terms. As a result of the amendments (i) the A&R Intermediation Agreement by and among J. Aron, PBF

Holding and PRC relating to the Paulsboro refinery extends the term to December 31, 2019, which term may be further extended by mutual consent of the parties to December 31, 2020 and (ii) the A&R Intermediation Agreement by and among J. Aron, PBF Holding and DCR relating to the Delaware City refinery extends the term to July 1, 2019, which term may be further extended by mutual consent of the parties to July 1, 2020.

Pursuant to each A&R Intermediation Agreement, J. Aron continues to purchase and hold title to certain of the products produced by the Paulsboro and Delaware City refineries, respectively, and delivered into tanks at the refineries. Furthermore, J. Aron agrees to sell the products back to the refineries as the products are discharged out of the refineries tanks. J. Aron has the right to store the products purchased in tanks under the A&R Intermediation Agreements and will retain these storage rights for the term of the agreements. PBF Holding continues to market and sell independently to third parties.

At December 31, 2017, the LIFO value of intermediates and finished products owned by J. Aron included within inventory on our balance sheet was $311.5 million. We accrue a corresponding liability for such intermediates and finished products.

Capital Spending

Net capital spending was $727.0 million for the year ended December 31, 2017, which primarily included turnaround costs, safety related enhancements, facility improvements at the refineries and the acquisition of the Toledo Products Terminal by PBFX. Excluding PBFX, we currently expect to spend an aggregate of $525.0 million to $550.0 million in net capital expenditures during 2018 for facility improvements and refinery maintenance and turnarounds. Significant capital spending plans for 2018 include turnarounds for the FCC at our Chalmette refinery, the coker at our Paulsboro refinery and several units at our Torrance and Delaware City refineries, as well as expenditures to meet environmental and regulatory requirements. In addition, PBFX expects to spend an aggregate of $20.0 million to $25.0 million in net capital expenditures during 2018.

Contractual Obligations and Commitments

The following table summarizes our material contractual payment obligations as of December 31, 2017 (in thousands). The table below does not include any contractual obligations with PBFX as these related party transactions are eliminated upon consolidation of our financial statements.

		Payments due by period			
	Total	**Less than 1 year**	**1-3 Years**	**3-5 Years**	**More than 5 years**
Long-term debt (a)	$ 2,509,958	$ 308,909	$ 422,683	$ 28,366	$ 1,750,000
Interest payments on debt facilities (a)	827,863	140,643	254,674	248,093	184,453
Operating Leases (b)	407,463	107,042	172,176	92,015	36,230
Purchase obligations (c):					
Crude and Feedstock Supply and Inventory Intermediation Agreements	10,201,901	2,816,889	4,478,361	2,906,651	
Other Supply and Capacity Agreements	1,078,328	192,078	229,368	165,871	491,011
Construction obligations	26,808	26,808			
Environmental obligations (d)	154,380	8,128	16,360	15,269	114,623
Pension and post-retirement obligations (e)	336,076	10,303	21,818	24,939	279,016

Total contractual cash obligations	$ 15,542,777	$ 3,610,800	$ 5,595,440	$ 3,481,204	$ 2,855,333

(a) Long-term Debt and Interest Payments on Debt Facilities

Long-term obligations represent (i) the repayment of the outstanding borrowings under the Revolving Loan; (ii) the repayment of indebtedness incurred in connection with the Senior Notes; (iii) the repayment of our

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catalyst lease obligations on their maturity dates; (iv) the repayment of outstanding amounts under the PBFX Revolving Credit Facility, and the PBFX Senior Notes; (v) the repayment of outstanding amounts under the PBF Rail Term Loan; and (vi) the repayment of outstanding amounts under the Intercompany Note Payable.

Interest payments on debt facilities include cash interest payments on the Senior Notes, PBFX Revolving Credit Facility, PBFX Senior Notes, catalyst lease obligations, PBF Rail Term Loan, Intercompany Note Payable, plus cash payments for the commitment fees on the unused portion on our revolving credit facilities and letter of credit fees on the letters of credit outstanding at December 31, 2017. With the exception of our catalyst leases and note payable, we have no long-term debt maturing before 2019 as of December 31, 2017.

On May 30, 2017, we consummated the offering of the 2025 Senior Notes and used the funds for the redemption of the 2020 Senior Secured Notes and general corporate purposes.

On October 6, 2017, PBFX issued $175.0 million in aggregate principal amount of the new PBFX 2023 Senior Notes. The new PBFX 2023 Senior Notes were issued under the indenture governing the PBFX Senior Notes due 2023 issued on May 12, 2015. PBFX used the net proceeds from the new PBFX 2023 Senior Notes offering to pay down a portion of the PBFX Revolving Credit Facility and for general partnership purposes.

(b) Operating Leases

We enter into operating leases in the normal course of business, some of these leases provide us with the option to renew the lease or purchase the leased item. Future operating lease obligations would change if we chose to exercise renewal options and if we enter into additional operating lease agreements. Certain of our lease obligations contain a fixed and variable component. The table above reflects the fixed component of our lease obligations. The variable component could be significant. Our operating lease obligations are further explained in Note 14 Commitments and Contingencies to our consolidated financial statements included elsewhere in this prospectus. In support of our rail strategy, we have at times entered into agreements to lease or purchase crude railcars. A portion of these railcars were purchased via the Rail Facility entered into during 2014, which was repaid in full and terminated in connection with the execution of the PBF Rail Term Loan in 2016. Certain of these railcars were subsequently sold to third parties, which have leased the railcars back to us for periods of between four and seven years.

(c) Purchase Obligations

We have obligations to repurchase certain intermediates and refined products under separate inventory intermediation agreements with J. Aron as further explained in Note 2 Summary of Significant Accounting Policies, Note 5 Inventories and Note 8 Accrued Expenses to our consolidated financial statements included elsewhere in this prospectus. Additionally, purchase obligations under Crude and Feedstock Supply and Inventory Intermediation Agreements include commitments to purchase crude oil from certain counterparties under supply agreements entered into to ensure adequate supplies of crude oil for our refineries. These obligations are based on aggregate minimum volume commitments at 2017 year end market prices.

Payments under Other Supply and Capacity Agreements include contracts for the transportation of crude oil and supply of hydrogen, steam, or natural gas to certain of our refineries, contracts for the treatment of wastewater, and contracts for pipeline capacity. We enter into these contracts to facilitate crude oil deliveries and to ensure an adequate supply of energy or essential services to support our refinery operations. Substantially all of these obligations are based on fixed prices. Certain agreements include fixed or minimum volume requirements, while others are based on our actual usage. The amounts included in this table are based on fixed or minimum quantities to be purchased and the fixed or estimated costs based on market conditions as of December 31, 2017.

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(d) Environmental Obligations

In connection with the Paulsboro acquisition, we assumed certain environmental remediation obligations to address existing soil and groundwater contamination at the site and recorded a liability in the amount of $10.3 million which reflects the present value of the current estimated cost of the remediation obligations assumed based on investigative work to-date. The undiscounted estimated costs related to these environmental remediation obligations were $15.8 million as of December 31, 2017.

In connection with the acquisition of the Delaware City assets, the prior owners remain responsible, subject to certain limitations, for certain pre-acquisition environmental obligations, including ongoing soil and groundwater remediation at the site.

In connection with the Delaware City assets and Paulsboro refinery acquisitions, we, along with the seller, purchased two individual ten-year, $75.0 million environmental insurance policies to insure against unknown environmental liabilities at each site.

In connection with the acquisition of Toledo, the seller initially retains, subject to certain limitations, remediation obligations which will transition to us over a 20-year period.

In connection with the acquisition of the Chalmette refinery, the sellers provided $3.9 million financial assurance in the form of a surety bond to cover estimated potential site remediation costs associated with an agreed to Administrative Order of Consent with the EPA. Additionally, we purchased a ten year $100.0 million environmental insurance policy to insure against unknown environmental liabilities at the site.

In connection with the PBFX Plains Asset Purchase, PBFX is responsible for the environmental remediation costs for conditions that existed on the closing date up to a maximum of $250,000 per year for 10 years, with Plains All American Pipeline, L.P. remaining responsible for any and all additional costs above such amounts during such period.

In connection with the Torrance Acquisition, we assumed certain environmental remediation obligations to address existing soil and groundwater contamination at the site and recorded a liability of $136.5 million as of December 31, 2017, which reflects the current estimated cost of the remediation obligations, expected to be paid out over an average period of approximately 20 years. Additionally, we purchased a ten year $100.0 million environmental insurance policy to insure against unknown environmental liabilities.

In connection with the acquisition of all of our refineries, we assumed certain environmental obligations under regulatory orders unique to each site, including orders regulating air emissions from each facility.

(e) Pension and Post-retirement Obligations

Pension and post-retirement obligations include only those amounts we expect to pay out in benefit payments and are further explained in Note 18 Employee Benefit Plans to our consolidated financial statements included elsewhere in this prospectus.

Tax Distributions

We are required to make periodic tax distributions to the members of PBF LLC, including PBF Energy, pro rata in accordance with their respective percentage interests for such period (as determined under our amended and restated limited liability company agreement), subject to available cash and applicable law and contractual restrictions (including pursuant to our debt instruments) and based on certain assumptions. Generally, these tax distributions will be an amount equal to our estimate of our taxable income for the year multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses). If, with respect to any given calendar year, the aggregate periodic tax distributions were less than our actual taxable income multiplied by the assumed tax rate, we will make a true up tax distribution, no later than March 15 of the following year, equal to such difference, subject to our available cash and borrowings. As these distributions are conditional they have been excluded from the table above.

PBF Energy Tax Receivable Agreement

PBF Energy used a portion of the proceeds from their IPO to purchase PBF LLC Series A Units from the members of PBF LLC other than PBF Energy. In addition, the members of PBF LLC other than PBF Energy may (subject to the terms of the exchange agreement) exchange their PBF LLC Series A Units for shares of Class A common stock of PBF Energy on a one-for-one basis. As a result of both the purchase of PBF LLC Series A Units and subsequent secondary offerings and exchanges, PBF Energy is entitled to a proportionate share of the existing tax basis of the assets of PBF LLC. Such transactions have resulted in increases in the tax basis of the assets of PBF LLC that otherwise would not have been available. Both this proportionate share and these increases in tax basis may reduce the amount of tax that PBF Energy would otherwise be required to pay in the future. These increases in tax basis have reduced the amount of the tax that PBF Energy would have otherwise been required to pay and may also decrease gains (or increase losses) on the future disposition of certain capital assets to the extent the tax basis is allocated to those capital assets. PBF Energy entered into the Tax Receivable Agreement with the current and former members of PBF LLC other than PBF Energy that provides for the payment by PBF Energy to such members of 85% of the amount of the benefits, if any, that PBF Energy is deemed to realize as a result of (i) these increases in tax basis and (ii) certain other tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement. These payment obligations are obligations of PBF Energy and not of PBF LLC or any of its subsidiaries.

PBF Energy expects to obtain funding for these payments by causing its subsidiaries to make cash distributions to PBF LLC, which, in turn, will distribute such amounts, generally as tax distributions, on a pro-rata basis to its owners, which as of December 31, 2017 include the members of PBF LLC other than PBF Energy holding a 3.3% interest and PBF Energy holding a 96.7% interest. The members of PBF LLC other than PBF Energy may continue to reduce their ownership in PBF LLC by exchanging their PBF LLC Series A Units for shares of PBF Energy Class A common stock. Such exchanges may result in additional increases in the tax basis of PBF Energy s investment in PBF LLC and require PBF Energy to make increased payments under the Tax Receivable Agreement. Required payments under the Tax Receivable Agreement also may increase or become accelerated in certain circumstances, including certain changes of control.

We have not included tax distributions or other distributions that we expect to make on account of PBF Energy s obligations under the Tax Receivable Agreement as the timing of any such payments are uncertain or not direct obligations of PBF LLC.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of December 31, 2017, other than outstanding letters of credit of approximately $589.9 million and operating leases.

During 2015, in aggregate we sold 1,122 of our owned crude railcars and concurrently entered into lease agreements for the same railcars. The lease agreements have varying terms from five to seven years. We received an aggregate cash payment for the railcars of approximately $168.3 million and expect to make payments totaling $99.4 million over the term of the lease for these railcars. In 2016, we sold approximately 120 of these railcars to optimize our railcar portfolio and entered into additional railcar leases with terms of up to 10 years. As of December 31, 2017, we expect to make lease payments of $46.6 million over the remaining term of these additional agreements.

Critical Accounting Policies

The following summary provides further information about our critical accounting policies that involve critical accounting estimates and should be read in conjunction with Note 2 Summary of Significant Accounting Policies to our consolidated financial statements included elsewhere in this prospectus. The following accounting policies involve estimates that are considered critical due to the level of subjectivity and judgment involved, as well as the impact on our financial position and results of operations. We believe that all of our estimates are reasonable. Unless otherwise noted, estimates of the sensitivity to earnings that would result from changes in the assumptions used in determining our estimates is not practicable due to the number of assumptions and contingencies involved, and the wide range of possible outcomes.

Inventory

Inventories are carried at the lower of cost or market. The cost of crude oil, feedstocks, blendstocks and refined products is determined under the LIFO method using the dollar value LIFO method with increments valued based on average cost during the year. The cost of supplies and other inventories is determined principally on the weighted average cost method. In addition, the use of the LIFO inventory method may result in increases or decreases to cost of sales in years that inventory volumes decline as the result of charging cost of sales with LIFO inventory costs generated in prior periods. At December 31, 2017 and 2016, market values had fallen below historical LIFO inventory costs and, as a result, we recorded lower of cost or market inventory valuation reserves of $300.5 million and $596.0 million, respectively. The $300.5 million lower of cost or market inventory reserve as of December 31, 2017, or a portion thereof, is subject to reversal as a reduction to cost of products sold in subsequent periods as inventories giving rise to the reserve are sold, and a new reserve is established. Such a reduction to cost of products sold could be significant if inventory values return to historical cost price levels. Additionally, further decreases in overall inventory values could result in additional charges to cost of products sold should the lower of cost or market inventory valuation reserve be increased.

Environmental Matters

Liabilities for future clean-up costs are recorded when environmental assessments and/or clean-up efforts are probable and the costs can be reasonably estimated. Other than for assessments, the timing and magnitude of these accruals generally are based on the completion of investigations or other studies or a commitment to a formal plan of action. Environmental liabilities are based on best estimates of probable future costs using currently available technology and applying current regulations, as well as our own internal environmental policies. The actual settlement of our liability for environmental matters could materially differ from our estimates due to a number of uncertainties such as the extent of contamination, changes in environmental laws and regulations, potential improvements in remediation technologies and the participation of other responsible parties. Additionally, in connection with the Torrance Acquisition on July 1, 2016, we assumed certain pre-existing environmental liabilities. While we believe that our current estimates of the amounts and timing of the costs related to the remediation of these liabilities are reasonable, we have had limited experience with these environmental obligations due to our short operating history. It is possible that our estimates of the costs and duration of the environmental remediation activities related to these liabilities could materially change.

Business Combinations

We use the acquisition method of accounting for the recognition of assets acquired and liabilities assumed in business combinations at their estimated fair values as of the date of acquisition. Any excess consideration transferred over the estimated fair values of the identifiable net assets acquired is recorded as goodwill. Significant judgment is required in estimating the fair value of assets acquired. As a result, in the case of significant acquisitions, we obtain the assistance of third-party valuation specialists in estimating fair values of tangible and intangible assets based on available historical information and on expectations and assumptions about the future, considering the perspective of marketplace participants. While management believes those expectations and assumptions are reasonable, they are inherently uncertain. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.

Deferred Turnaround Costs

Refinery turnaround costs, which are incurred in connection with planned major maintenance activities at our refineries, are capitalized when incurred and amortized on a straight-line basis over the period of time estimated until the next turnaround occurs (generally three to five years). While we believe that the estimates of time until the next turnaround are reasonable, it should be noted that factors such as competition, regulation or environmental matters could cause us to change our estimates thus impacting amortization expense in the future.

Derivative Instruments

We are exposed to market risk, primarily related to changes in commodity prices for the crude oil and feedstocks we use in the refining process as well as the prices of the refined products we sell. The accounting treatment for commodity contracts depends on the intended use of the particular contract and on whether or not the contract meets the definition of a derivative. Non-derivative contracts are recorded at the time of delivery.

All derivative instruments that are not designated as normal purchases or sales are recorded in our balance sheet as either assets or liabilities measured at their fair values. Changes in the fair value of derivative instruments that either are not designated or do not qualify for hedge accounting treatment or normal purchase or normal sale accounting are recognized in income. Contracts qualifying for the normal purchases and sales exemption are accounted for upon settlement. We elect fair value hedge accounting for certain derivatives associated with our inventory repurchase obligations.

Derivative accounting is complex and requires management judgment in the following respects: identification of derivatives and embedded derivatives; determination of the fair value of derivatives; identification of hedge relationships; assessment and measurement of hedge ineffectiveness; and election and designation of the normal purchases and sales exception. All of these judgments, depending upon their timing and effect, can have a significant impact on earnings.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) requiring revenue to be recognized when promised goods or services are transferred to customers in an amount that reflects the expected consideration for these goods or services. This new guidance supersedes the revenue recognition requirements in FASB ASC Topic 605, Revenue Recognition , and most industry-specific guidance. We have adopted this new standard effective January 1, 2018, using the modified retrospective application, whereby a cumulative effect adjustment will be recognized upon adoption, if applicable, and the guidance will be applied prospectively.

We have completed our evaluation of the provisions of this standard and concluded that the adoption will not materially change the amount or timing of revenues recognized by us, nor will it materially affect our financial position. The majority of our revenues are generated from the sale of refined petroleum products and ethanol. These revenues are largely based on the current spot (market) prices of the products sold, which represent consideration specifically allocable to the products being sold on a given day, and we recognize those revenues upon delivery and transfer of title to the products to our customers. The time at which delivery and transfer of title occurs is the point when our control of the products is transferred to our customers and when our performance obligation to our customers is fulfilled. Under the modified retrospective method of adoption, the cumulative effect of initially applying the standard is recognized as an adjustment to the opening balance of retained earnings, and revenues reported in the periods prior to the date of adoption are not changed. We do not, however, expect to make such an adjustment to retained earnings as we have determined any such adjustment to not be material. We are currently developing our revenue disclosures and enhancing our accounting systems to enable the preparation of such disclosures.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02), to increase the transparency and comparability about leases among entities. Additional ASUs have been issued subsequent to ASU 2016-02 to provide additional clarification and implementation guidance for leases related to ASU 2016-02 including ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842 (ASU 2018-01) (collectively, we refer to ASU 2016-02 and these additional ASUs as the Updated Lease Guidance) The Updated Lease Guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018, and requires a modified retrospective approach to adoption. ASU 2018-01 provides a practical expedient whereby land easements (also known as rights of way) that are not accounted for as leases under existing GAAP would not need to be evaluated under ASU 2016-02; however the Updated Lease Guidance would apply prospectively to all new or modified land easements after the effective date of ASU 2016-02. In January 2018, the FASB issued a proposed ASU that would provide an additional transition method for the Updated Lease Guidance for lessees and a practical expedient for lessors. As proposed, this additional transition method would allow lessees to initially apply the requirements of ASU 2016-02 by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The proposed practical expedient would allow lessors to not separate non-lease components from the related lease components in certain situations. Assuming the proposed ASU is approved after the comment period, the proposed ASU would have the same effective date as ASU 2016-02. While early adoption is permitted, we will not early adopt this Updated Lease Guidance. We have established a working group to study and lead implementation of the Updated Lease Guidance. This working group has been meeting on a regular basis and has instituted a preliminary task plan designed to meet the implementation deadline for ASU 2016-02. We have also evaluated and purchased a lease software system and have begun implementation of the selected system. The working group continues to evaluate the impact of the Updated Lease Guidance on our consolidated financial statements and related disclosures. At this time, we have identified that the most significant impacts of the Updated Lease Guidance will be to bring nearly all leases on our balance sheet with right of use assets and lease obligation liabilities as well as accelerating the interest expense component of financing leases. While the assessment of the impacts arising from this standard is progressing, we have not fully determined the impacts on our business processes, controls or financial statement disclosures at this time.

Refer to Note 2 Summary of Significant Accounting Policies to our consolidated financial statements included elsewhere in this prospectus for additional Recently Issued Accounting Pronouncements.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks, including changes in commodity prices and interest rates. Our primary commodity price risk is associated with the difference between the prices we sell our refined products and the prices we pay for crude oil and other feedstocks. We may use derivative instruments to manage the risks from changes in the prices of crude oil and refined products, natural gas, interest rates, or to capture market opportunities.

Commodity Price Risk

Our earnings, cash flow and liquidity are significantly affected by a variety of factors beyond our control, including the supply of, and demand for, crude oil, other feedstocks, refined products and natural gas. The supply of and demand for these commodities depend on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, planned and unplanned downtime in

refineries, pipelines and production facilities, production levels, the availability of imports, the marketing of competitive and alternative fuels, and the extent of government regulation. As a result, the prices of these commodities can be volatile. Our revenues fluctuate significantly with movements in industry refined product prices, our cost of sales fluctuates significantly with movements in crude oil and feedstock prices and our operating expenses fluctuate with movements in the price of natural gas. We manage our exposure to these commodity price risks through our supply and offtake agreements as well as through the use of various commodity derivative instruments.

We may use non-trading derivative instruments to manage exposure to commodity price risks associated with the purchase or sale of crude oil and feedstocks, finished products and natural gas outside of our supply and offtake agreements. The derivative instruments we use include physical commodity contracts and exchange-traded and over-the-counter financial instruments. We mark-to-market our commodity derivative instruments and recognize the changes in their fair value in our statements of operations.

At December 31, 2017 and 2016, we had gross open commodity derivative contracts representing 24.3 million barrels and 8.8 million barrels, respectively, with an unrealized net loss of $74.3 million and $3.5 million, respectively. The open commodity derivative contracts as of December 31, 2017 expire at various times during 2018.

We carry inventories of crude oil, intermediates and refined products (hydrocarbon inventories) on our balance sheet, the values of which are subject to fluctuations in market prices. Our hydrocarbon inventories totaled approximately 30.1 million barrels and 29.4 million barrels at December 31, 2017 and December 31, 2016, respectively. The average cost of our hydrocarbon inventories was approximately $80.21 and $80.50 per barrel on a LIFO basis at December 31, 2017 and December 31, 2016, respectively, excluding the net impact of LCM inventory adjustments of approximately $300.5 million and $596.0 million, respectively. If market prices of our inventory decline to a level below our average cost, we may be required to further write down the carrying value of our hydrocarbon inventories to market.

Our predominant variable operating cost is energy, in particular, the price of utilities, natural gas and electricity. We are therefore sensitive to movements in natural gas prices. Assuming normal operating conditions, we annually consume a total of approximately 68 million MMBTUs of natural gas amongst our five refineries as of December 31, 2017. Accordingly, a $1.00 per MMBTU change in natural gas prices would increase or decrease our natural gas costs by approximately $68.0 million.

Compliance Program Price Risk

We are exposed to market risks related to the volatility in the price of RINs required to comply with the RFS. Our overall RINs obligation is based on a percentage of our domestic shipments of on-road fuels as established by the EPA. To the degree we are unable to blend the required amount of biofuels to satisfy our RINs obligation, we must purchase RINs on the open market. To mitigate the impact of this risk on our results of operations and cash flows we may purchase RINs when the price of these instruments is deemed favorable.

In addition, we are exposed to risks associated with complying with federal and state legislative and regulatory measures to address greenhouse gas and other emissions. Requirements to reduce emissions could result in increased costs to operate and maintain our facilities as well as implement and manage new emission controls and programs put in place. For example, AB32 in California requires the state to reduce its GHG emissions to 1990 levels by 2020.

Interest Rate Risk

The maximum availability under our Revolving Loan is $2.64 billion. Borrowings under the Revolving Loan bear interest either at the Alternative Base Rate plus the Applicable Margin or at Adjusted LIBOR plus the Applicable

Margin, all as defined in the Revolving Loan. If this facility was fully drawn, a 1.0% change in the interest rate would increase or decrease our interest expense by approximately $26.4 million annually.

The PBFX Revolving Credit Facility, with a current maximum availability of $360.0 million, bears interest at a variable rate and exposes us to interest rate risk. If this facility was fully drawn, a 1.0% change in the interest rate would result in a $2.3 million change in our interest expense annually.

In addition, the PBF Rail Term Loan, which bears interest at a variable rate, had an outstanding principal balance of $28.4 million at December 31, 2017. A 1.0% change in the interest rate would increase or decrease our interest expense by approximately $0.3 million annually, assuming the current outstanding principal balance on the PBF Rail Term Loan remained outstanding.

We also have interest rate exposure in connection with our A&R Intermediation Agreements under which we pay a time value of money charge based on LIBOR.

Credit Risk

We are subject to risk of losses resulting from nonpayment or nonperformance by our counterparties. We continue to closely monitor the creditworthiness of customers to whom we grant credit and establish credit limits in accordance with our credit policy.

Concentration Risk

For the years ended December 31, 2017, 2016 and 2015, no single customer accounted for 10% or more of our total sales.

No single customer accounted for 10% or more of our total trade accounts receivable as of December 31, 2017 and 2016, respectively.

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BUSINESS OF PBF LLC

Overview

We are one of the largest independent petroleum refiners and suppliers of unbranded transportation fuels, heating oil, petrochemical feedstocks, lubricants and other petroleum products in the United States. We sell our products throughout the Northeast, Midwest, Gulf Coast and West Coast of the United States, as well as in other regions of the United States and Canada, and are able to ship products to other international destinations. We were formed in 2008 to pursue acquisitions of crude oil refineries and downstream assets in North America. As of December 31, 2017, we own and operate five domestic oil refineries and related assets, which we acquired in 2010, 2011, 2015 and 2016. Our refineries have a combined processing capacity, known as throughput, of approximately 900,000 bpd, and a weighted-average Nelson Complexity Index of 12.2. We operate in two reportable business segments: Refining and Logistics.

PBF Energy was formed on November 7, 2011 and is a holding company whose primary asset is a controlling equity interest in PBF LLC. PBF Energy is the sole managing member of PBF LLC and operates and controls all of the business and affairs of PBF LLC. We are a holding company for the companies that directly or indirectly own and operate PBF Energy s business. PBF Holding is a wholly-owned subsidiary of ours and is the parent company for our refining operations. We consolidate the financial results of PBFX and PBF Holding and record noncontrolling interests for the economic interests in PBFX held by the public common unit holders of PBFX and the ownership interest in two subsidiaries of Chalmette Refining held by a third party.

On December 18, 2012, PBF Energy completed its initial public offering. As a result of PBF Energy s initial public offering and related organization transactions, PBF Energy became our sole managing member and operates and controls all of our business and affairs and consolidates the financial results of PBF LLC and its subsidiaries, including PBF Holding and PBF Finance.

As of December 31, 2017, PBF Energy owned 110,586,762 PBF LLC Series C Units and our current and former executive officers and directors and certain employees and others held 3,767,464 PBF LLC Series A Units (we refer to all of the holders of the PBF LLC Series A Units as the members of PBF LLC other than PBF Energy). As a result, the holders of PBF Energy s issued and outstanding shares of PBF Energy s Class A common stock have approximately 96.7% of the voting power in PBF Energy, with an equivalent economic interest in us, and the members of PBF LLC other than PBF Energy through their holdings of Class B common stock have approximately 3.3% of the voting power in PBF Energy, with an equivalent economic interest in us.

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The following map details the locations of our refineries and the location of PBFX s assets (each as defined below):

Refining

Our five refineries are located in Delaware City, Delaware, Paulsboro, New Jersey, Toledo, Ohio, New Orleans, Louisiana and Torrance, California. Each of these refineries is briefly described in the table below:

Refinery	Region	Nelson Complexity Index	Throughput Capacity (in barrels per day)	PADD	Crude Processed(1)	Source(1)
Delaware City	East Coast	11.3	190,000	1	light sweet through heavy sour	water, rail
Paulsboro	East Coast	13.2	180,000	1	light sweet through heavy sour	water rail
Toledo	Mid-Continent	9.2	170,000	2	light sweet	pipeline, truck, rail
Chalmette	Gulf Coast	12.7	189,000	3	light sweet through heavy sour	water, pipeline
Torrance	West Coast	14.9	155,000	5	medium and heavy	pipeline, water, truck

(1) Reflects the typical crude and feedstocks and related sources utilized under normal operating conditions and prevailing market environments.

On July 1, 2016, we closed our acquisition of the Torrance refinery and related logistics assets (the Torrance Acquisition). The Torrance refinery is strategically positioned in Southern California with advantaged logistics connectivity that offers flexible raw material sourcing and product distribution opportunities primarily in the California, Las Vegas and Phoenix area markets.

In addition to refining assets, the Torrance Acquisition included a number of high-quality logistics assets including a sophisticated network of crude and products pipelines, product distribution terminals and refinery crude and product storage facilities. The most significant of the logistics assets is a 189-mile crude gathering and transportation system which delivers San Joaquin Valley crude oil directly from the field to the refinery. Additionally, the transaction included several pipelines which provide access to sources of crude oil including the Ports of Long Beach and Los Angeles, as well as clean product outlets with a direct pipeline supplying jet fuel to the Los Angeles airport. The Torrance refinery also has crude and product storage facilities with approximately 8.6 million barrels of shell capacity.

Logistics

PBFX is a fee-based, growth-oriented, publicly traded Delaware master limited partnership formed by PBF Energy to own or lease, operate, develop and acquire crude oil and refined petroleum products terminals, pipelines, storage facilities and similar logistics assets. PBFX engages in the receiving, handling, storage and transferring of crude oil, refined products, natural gas and intermediates from sources located throughout the United States and Canada for PBF Energy in support of certain of its refineries, as well as for third party customers. As of December 31, 2017, a substantial majority of PBFX s revenue is derived from long-term, fee-based commercial agreements with PBF Holding, which include minimum volume commitments, for receiving, handling, storing and transferring crude oil, refined products and natural gas. PBF Energy also has agreements with PBFX that establish fees for certain general and administrative services and operational and maintenance services provided by PBF Holding to PBFX. These transactions, other than those with third parties, are eliminated by us in consolidation.

On May 14, 2014, PBFX completed its initial public offering (the PBFX Offering). As of December 31, 2017, PBF LLC held a 44.1% limited partner interest (consisting of 18,459,497 common units) in PBFX, with the remaining 55.9% limited partner interest held by the public unit holders. PBF LLC also owns all of the incentive distribution rights (IDRs) and indirectly owns a non-economic general partner interest in PBFX through its wholly-owned subsidiary, PBF Logistics GP LLC (PBF GP), the general partner of PBFX. The IDRs entitle PBF LLC to receive increasing percentages, up to a maximum of 50.0%, of the cash PBFX distributes from operating surplus in excess of $0.345 per unit per quarter. As a result of the payment on May 31, 2017 by PBFX of its distribution for the first quarter of 2017, the financial tests required for conversion of all of PBFX s previously outstanding subordinated units into common units were satisfied. As a result, all of PBFX s subordinated units, which were owned by PBF LLC, converted on a one-for-one basis into common units effective June 1, 2017. The conversion of the subordinated units did not impact the amount of cash distributions paid by PBFX or the total number of its outstanding units. The subordinated units were issued by PBFX in connection with its initial public offering in May 2014.

On February 15, 2017, PBFX entered into a contribution agreement (the PNGPC Contribution Agreement) with us. Pursuant to the PNGPC Contribution Agreement, we contributed to PBFX s wholly owned subsidiary, PBFX Operating Company LLC (PBFX Op Co), all of the issued and outstanding limited liability company interests of Paulsboro Natural Gas Pipeline Company LLC (PNGPC). PNGPC owns and operates an existing interstate natural gas pipeline that originates in Delaware County, Pennsylvania, at an interconnection with Texas Eastern pipeline that runs under the Delaware River and terminates at the delivery point to PBF Holding s Paulsboro refinery, and is subject to regulation by the Federal Energy Regulatory Commission (FERC). In connection with the PNGPC Contribution Agreement, PBFX constructed a new 24 pipeline to replace the existing pipeline, which commenced services in August 2017 (the Paulsboro Natural Gas Pipeline). In consideration for the PNGPC limited liability company interests, PBFX delivered to us (i) an $11.6 million intercompany promissory note in favor of Paulsboro Refining Company LLC (the Promissory Note), (ii) an expansion rights and right of first refusal agreement in favor of us with respect to the Paulsboro Natural Gas

Pipeline and (iii) an assignment and assumption agreement with respect to certain outstanding litigation involving PNGPC and the existing pipeline.

Effective February 2017, PBF Holding and PBFX Op Co entered into a ten-year storage services agreement (the Chalmette Storage Services Agreement) under which PBFX, through PBFX Op Co, began providing storage services to PBF Holding commencing on November 1, 2017 upon the completion of the construction of a new crude tank with a shell capacity of 625,000 barrels at PBF Holding s Chalmette refinery (the Chalmette Storage Tank). PBFX Op Co and Chalmette Refining have entered into a twenty-year lease for the premises upon which the tank is located and a project management agreement pursuant to which Chalmette Refining managed the construction of the tank.

On April 17, 2017, PBFX s wholly-owned subsidiary, PBF Logistics Products Terminals LLC, acquired the Toledo, Ohio refined products terminal assets (the Toledo Products Terminal) from Sunoco Logistics L.P. for an aggregate purchase price of $10.0 million, plus working capital. The Toledo Products Terminal is directly connected to, and currently supplied by, PBF Holding s Toledo refinery.

Operating Segments

We operate in two reportable business segments: Refining and Logistics. Our five oil refineries, including certain related logistics assets that are not owned by PBFX, are all engaged in the refining of crude oil and other feedstocks into petroleum products, and are aggregated into the Refining segment. PBFX operates logistics assets such as crude oil and refined products terminaling, pipeline and storage assets. Certain of PBFX s assets were previously operated and owned by various subsidiaries of PBF Holding and were acquired by PBFX in a series of transactions since inception. PBFX is reported in the Logistics segment. A substantial majority of PBFX s revenues is derived from long-term, fee based commercial agreements with PBF Holding and its subsidiaries and these intersegment related revenues are eliminated in consolidation. See Note 20 Segment Information to our consolidated financial statements included elsewhere in this prospectus.

Refining Segment

We own and operate five refineries providing geographic and market diversity. We produce a variety of products at each of our refineries, including gasoline, ULSD, heating oil, jet fuel, lubricants, petrochemicals and asphalt. We sell our products throughout the Northeast, Midwest, Gulf Coast and West Coast of the United States, as well as in other regions of the United States, Canada and Mexico, and are able to ship products to other international destinations.

Delaware City Refinery

Overview. The Delaware City refinery is located on an approximately 5,000-acre site, with access to waterborne cargoes and an extensive distribution network of pipelines, barges and tankers, truck and rail. Delaware City is a fully integrated operation that receives crude via rail at its crude unloading facilities, or ship or barge at its docks located on the Delaware River. The crude and other feedstocks are stored in extensive tank farm prior to processing. In addition, there is a 15-lane, 76,000 bpd capacity truck loading rack located adjacent to the refinery and a 23-mile interstate pipeline that are used to distribute clean products, which were sold to PBFX in conjunction with its acquisition of the DCR Products Pipeline and Truck Rack (as defined below) in May 2015.

As a result of its configuration and process units, Delaware City has the capability of processing a slate of heavy crudes with a high concentration of high sulfur crudes and is one of the largest and most complex refineries on the East Coast. The Delaware City refinery is one of two heavy crude coking refineries, the other being our Paulsboro refinery, on the East Coast of the United States with coking capacity equal to approximately 25% of crude capacity.

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The Delaware City refinery primarily processes a variety of medium to heavy, sour crude oils, but can run light, sweet crude oils as well. The refinery has large conversion capacity with its 82,000 bpd fluid catalytic cracking unit (FCC unit), 47,000 bpd fluid coking unit (FCU) and 18,000 bpd hydrocracking unit with vacuum distillation.

The following table approximates the Delaware City refinery s major process unit capacities. Unit capacities are shown in barrels per stream day.

Refinery Units	Nameplate Capacity
Crude Distillation Unit	190,000
Vacuum Distillation Unit	102,000
Fluid Catalytic Cracking Unit	82,000
Hydrotreating Units	160,000
Hydrocracking Unit	18,000
Catalytic Reforming Unit	43,000
Benzene / Toluene Extraction Unit	15,000
Butane Isomerization Unit	6,000
Alkylation Unit	11,000
Polymerization Unit	16,000
Fluid Coking Unit	47,000

Feedstocks and Supply Arrangements. We currently fully source our own crude oil needs for Delaware City primarily through short-term and spot market agreements.

Refined Product Yield and Distribution. The Delaware City refinery predominantly produces gasoline, jet fuel, ULSD and ultra-low sulfur heating oil as well as certain other products. We market and sell all of our refined products independently to a variety of customers on the spot market or through term agreements.

Inventory Intermediation Agreement. On June 26, 2013, PBF Holding entered into an inventory intermediation agreement with J. Aron to support the operations of the Delaware City refinery, which commenced upon the termination of the previous product offtake agreement. Pursuant to such inventory intermediation agreement, J. Aron purchases the Products produced and delivered into the refinery s storage tanks on a daily basis. J. Aron further agrees to sell to PBF Holding on a daily basis the Products delivered out of the refinery s storage tanks. On certain dates subsequent to the inception of the Inventory Intermediation Agreements, we and our subsidiary, DCR, entered into amendments to the amended and restated inventory intermediation agreement (as amended, the Amended Delaware Intermediation Agreements) with J. Aron pursuant to which certain terms of the inventory intermediation agreements were amended, including, among other things, pricing and an extension of the term. The most recent of these amendments was executed on September 8, 2017 which extended the term to July 1, 2019, which term may be further extended by mutual consent of the parties to July 1, 2020. At expiration, we will have to repurchase the inventories outstanding under the Amended Delaware Intermediation Agreement at that time.

Tankage Capacity. The Delaware City refinery has total storage capacity of approximately 10.0 million barrels. Of the total, approximately 3.6 million barrels of storage capacity are dedicated to crude oil and other feedstock storage with the remaining approximately 6.4 million barrels allocated to finished products, intermediates and other products.

Energy and Other Utilities. Under normal operating conditions, the Delaware City refinery consumes approximately 65,000 MMBTU per day of natural gas supplied via pipeline from third parties. The Delaware City refinery has a 280

MW power plant located on-site that consists of two natural gas-fueled turbines with combined capacity of approximately 140 MW and four turbo-generators with combined nameplate capacity of approximately 140 MW. Collectively, this power plant produces electricity in excess of Delaware City s refinery load of approximately 90 MW. Excess electricity is sold into the Pennsylvania-New Jersey-Maryland, or PJM, grid. Steam is primarily produced by a combination of three dedicated boilers, two heat recovery steam generators on the gas turbines, and is supplemented by secondary boilers at the FCC and Coker. Hydrogen is provided via the refinery s steam methane reformer and continuous catalytic reformer.

Paulsboro Refinery

Overview. The Paulsboro refinery is located on approximately 950 acres on the Delaware River in Paulsboro, New Jersey, just south of Philadelphia and approximately 30 miles away from Delaware City. Paulsboro receives crude and feedstocks via its marine terminal on the Delaware River. Paulsboro is one of two operating refineries on the East Coast with coking capacity, the other being our Delaware City refinery. The Paulsboro refinery primarily processes a variety of medium and heavy, sour crude oils but can run light, sweet crude oils as well.

The following table approximates the Paulsboro refinery s major process unit capacities. Unit capacities are shown in barrels per stream day.

Refinery Units	Nameplate Capacity
Crude Distillation Units	168,000
Vacuum Distillation Units	83,000
Fluid Catalytic Cracking Unit	55,000
Hydrotreating Units	141,000
Catalytic Reforming Unit	32,000
Alkylation Unit	11,000
Lube Oil Processing Unit	12,000
Delayed Coking Unit	27,000
Propane Deasphalting Unit	11,000

Feedstocks and Supply Arrangements. We have a contract with Saudi Aramco pursuant to which we have been purchasing up to approximately 100,000 bpd of crude oil from Saudi Aramco that is processed at Paulsboro. The crude purchased under this contract is priced off ASCI.

Refined Product Yield and Distribution. The Paulsboro refinery predominantly produces gasoline, diesel fuels and jet fuel and also manufactures Group I base oils or lubricants and asphalt. We market and sell all of our refined products independently to a variety of customers on the spot market or through term agreements under which we sell approximately 35% of our Paulsboro refinery s gasoline production.

Inventory Intermediation Agreement. On June 26, 2013, we entered into an Inventory Intermediation Agreement with J. Aron to support the operations of the Paulsboro refinery, which commenced upon the termination of the previous product offtake agreement. Pursuant to such Inventory Intermediation Agreement, J. Aron purchased the Products produced and delivered into the refinery s storage tanks on a daily basis. J. Aron further agrees to sell to PBF Holding on a daily basis the Products delivered out of the refinery s storage tanks. On certain date, subsequent to the inception of the Inventory Intermediation Agreement, we and our subsidiary PRC entered into amendments to the amended and restated inventory intermediation agreement (as amended, the Amended Paulsboro Intermediation Agreement) with J. Aron pursuant to which certain terms of the Inventory Intermediation Agreement were amended, including, among other things, pricing and an extension of the term. The most recent of these amendments was executed on September

8, 2017 which extended the terms to December 31, 2019, which term may be further extended by mutual consent of the parties to December 31, 2020. At expiration, we will have to repurchase the inventories outstanding under the Amended Paulsboro Intermediation Agreement of that time.

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Tankage Capacity. The Paulsboro refinery has total storage capacity of approximately 7.5 million barrels. Of the total, approximately 2.1 million barrels are dedicated to crude oil storage with the remaining 5.4 million barrels allocated to finished products, intermediates and other products.

Energy and Other Utilities. Under normal operating conditions, the Paulsboro refinery consumes approximately 30,000 MMBTU per day of natural gas supplied via pipeline from third parties. The Paulsboro refinery is virtually self-sufficient for its electrical power requirements. The refinery supplies approximately 90% of its 63 MW load through a combination of four generators with a nameplate capacity of 78 MW, in addition to a 30 MW gas turbine generator and two 15 MW steam turbine generators located at the Paulsboro utility plant. In the event that Paulsboro requires additional electricity to operate the refinery, supplemental power is available through a local utility. Paulsboro is connected to the grid via three separate 69 KV aerial feeders and has the ability to run entirely on imported power. Steam is primarily produced by three boilers, each with continuous rated capacity of 300,000-lb/hr at 900-psi. In addition, Paulsboro has a heat recovery steam generator and a number of waste heat boilers throughout the refinery that supplement the steam generation capacity. Paulsboro s current hydrogen needs are met by the hydrogen supply from the reformer. In addition, the refinery employs a standalone steam methane reformer that is capable of producing 10 MMSCFD of 99% pure hydrogen. This ancillary hydrogen plant is utilized as a back-up source of hydrogen for the refinery s process units.

Toledo Refinery

Overview. The Toledo refinery primarily processes a slate of light, sweet crudes from Canada, the Mid-Continent, the Bakken region and the U.S. Gulf Coast. The Toledo refinery is located on a 282-acre site near Toledo, Ohio, approximately 60 miles from Detroit. Crude is delivered to the Toledo refinery through three primary pipelines: (1) Enbridge from the north, (2) Capline from the south and (3) Mid-Valley from the south. Crude is also delivered to a nearby terminal by rail and from local sources by truck to a truck unloading facility within the refinery.

The following table approximates the Toledo refinery s major process unit capacities. Unit capacities are shown in barrels per stream day.

Refinery Units	Nameplate Capacity
Crude Distillation Unit	170,000
Fluid Catalytic Cracking Unit	79,000
Hydrotreating Units	95,000
Hydrocracking Unit	45,000
Catalytic Reforming Units	45,000
Alkylation Unit	10,000
Polymerization Unit	7,000
UDEX Unit	16,300

Feedstocks and Supply Arrangements. We currently fully source our own crude oil needs for Toledo primarily through short-term and spot market agreements.

Refined Product Yield and Distribution. Toledo produces finished products including gasoline and ULSD, in addition to a variety of high-value petrochemicals including benzene, toluene, xylene, nonene and tetramer. Toledo is connected, via pipelines, to an extensive distribution network throughout Ohio, Illinois, Indiana, Kentucky, Michigan, Pennsylvania and West Virginia. The finished products are transported on pipelines owned by Sunoco Logistics

Partners L.P. and Buckeye Partners. In addition, we have proprietary connections to a variety of smaller pipelines and spurs that help us optimize our clean products distribution. A significant portion of Toledo s gasoline and ULSD are distributed through the approximately 36 terminals in this network.

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We have an agreement with Sunoco whereby Sunoco purchases gasoline and distillate products representing approximately one-third of the Toledo refinery s gasoline and distillates production. The agreement had a three year term, subject to certain early termination rights. In March 2017, the agreement was renewed and extended for another two year term. We sell the bulk of the petrochemicals produced at the Toledo refinery through short-term contracts or on the spot market and the majority of the petrochemical distribution is done via rail.

Tankage Capacity. The Toledo refinery has total storage capacity of approximately 4.5 million barrels. The Toledo refinery receives its crude through pipeline connections and a truck rack. Of the total, approximately 1.3 million barrels are dedicated to crude oil storage with the remaining 3.2 million barrels allocated to intermediates and products. A portion of storage capacity dedicated to crude oil and finished products was sold to PBFX in conjunction with its acquisition of the Toledo Storage Facility (as defined below) in December 2014.

Energy and Other Utilities. Under normal operating conditions, the Toledo refinery consumes approximately 20,000 MMBTU per day of natural gas supplied via pipeline from third parties. The Toledo refinery purchases its electricity from the PJM grid and has a long-term contract to purchase hydrogen and steam from a local third party supplier. In addition to the third party steam supplier, Toledo consumes a portion of the steam that is generated by its various process units.

Chalmette Refinery

Acquisition. On November 1, 2015, we acquired the ownership interests of Chalmette Refining, which owns the Chalmette refinery and related logistics assets.

Overview. The Chalmette refinery is located on a 400-acre site near New Orleans, Louisiana. It is a dual-train coking refinery and is capable of processing both light and heavy crude oil though its 189,000 bpd crude units and downstream units. Chalmette Refining owns 100% of the MOEM Pipeline, providing access to the Empire Terminal, as well as the CAM Connection Pipeline, providing access to the Louisiana Offshore Oil Port facility through a third party pipeline. Chalmette Refining also owns 80% of each of the Collins Pipeline Company and T&M Terminal Company, both located in Collins, Mississippi, which provide a clean products outlet for the refinery to the Plantation and Colonial Pipelines. Also included in the acquisition were a marine terminal capable of importing waterborne feedstocks and loading or unloading finished products; a clean products truck rack which provides access to local markets; and a crude and product storage facility.

The following table approximates the Chalmette refinery s major process unit capacities. Unit capacities are shown in barrels per stream day.

Refinery Units	Nameplate Capacity
Crude Distillation Units	189,000
Fluid Catalytic Cracking Unit	72,000
Hydrotreating Units	186,000
Delayed Coker	29,000
Catalytic Reforming Unit	40,000
Alkylation Unit	15,000

Feedstocks and Supply Arrangements. In connection with the Chalmette Acquisition on November 1, 2015, we entered into a market-based crude supply agreement with PDVSA that has a ten year term with a renewal option for an additional five years, subject to certain early termination rights. The pricing for the crude supply is market based and is agreed upon on a quarterly basis by both parties. We have not sourced crude oil under this agreement since the third quarter of 2017 as PDVSA has suspended deliveries due to the parties inability to agree to mutually acceptable payment terms. Since the suspension, we have obtained crude and feedstocks from other sources through connections to the CAM and MOEM pipelines as well as our marine terminal.

Refined Product Yield and Distribution. The Chalmette refinery predominantly produces gasoline, diesel fuels and jet fuel and also manufactures high-value petrochemicals including benzene and xylene. Products produced at the Chalmette refinery are transferred to customers through pipelines, the marine terminal and truck rack. The majority of their clean products are delivered to customers via pipelines. Our ownership of the Collins Pipeline and T&M Terminal provides Chalmette with strategic access to Southeast and East Coast markets through third party logistics. We had an offtake agreement with ExxonMobil pursuant to which ExxonMobil purchased approximately 50% of the 14,000 barrel per day truck rack capacity, which expired as of December 31, 2017.

Tankage Capacity. Chalmette has a total tankage capacity of approximately 8.1 million barrels. Of this total, approximately 2.6 million barrels are allocated to crude oil storage with the remaining 5.5 million barrels allocated to intermediates and products.

Energy and Other Utilities. Under normal operating conditions, the Chalmette refinery consumes approximately 30,000 MMBTU per day of natural gas supplied via pipeline from third parties. The Chalmette refinery purchases its electricity from a local utility and has a long-term contract to purchase hydrogen and steam from third party suppliers.

Torrance Refinery

Acquisition. On July 1, 2016, we acquired from ExxonMobil and its subsidiary, Mobil Pacific Pipeline Company, the Torrance refinery and related logistics assets. Subsequent to the closing of the Torrance Acquisition, Torrance Refining and Torrance Logistics are indirect wholly-owned subsidiaries of PBF Holding. The aggregate purchase price for the Torrance Acquisition was approximately $521.4 million in cash after post-closing purchase price adjustments, plus final working capital of $450.6 million.

Overview. The Torrance refinery is located on 750 acres in Torrance, California. It is a high-conversion crude, delayed-coking refinery. It is capable of processing both heavy and medium crude oil though its crude unit and downstream units. In addition to refining assets, the Torrance Acquisition included a number of high-quality logistics assets including a sophisticated network of crude and products pipelines, product distribution terminals and refinery crude and product storage facilities. The most significant of the logistics assets is a crude gathering and transportation system which delivers San Joaquin Valley crude oil directly from the field to the refinery. Additionally, included in the transaction are several pipelines which provide access to sources of crude oil including the Ports of Long Beach and Los Angeles, as well as clean product outlets with a direct pipeline supplying jet fuel to the Los Angeles airport.

The following table approximates the Torrance refinery s major process unit capacities. Unit capacities are shown in barrels per stream day.

Refinery Units	**Nameplate Capacity**
Crude Distillation Unit	155,000
Vacuum Distillation Unit	102,000
Fluid Catalytic Cracking Unit	88,000
Hydrotreating Units	151,000
Hydrocracking Unit	23,000
Alkylation Unit	27,000
Delayed Coker	53,000

Feedstocks and Supply Arrangements. The Torrance refinery primarily processes a variety of medium and heavy crude oils. In connection with the closing of the Torrance Acquisition, we entered into a crude supply agreement with ExxonMobil for approximately 60,000 bpd of crude oil that can be processed at our Torrance refinery. This crude supply agreement has a five year term with an automatic renewal feature unless either party gives thirty-six months prior written notice. Additionally, we obtain crude and feedstocks from other sources through connections to third party pipelines as well as ship docks and truck racks.

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Refined Product Yield and Distribution. The Torrance refinery predominantly produces gasoline, jet fuel and diesel fuels. Products produced at the Torrance refinery are transferred to customers through pipelines, the marine terminal and truck rack. The majority of clean products are delivered to customers via pipelines. We have an offtake agreement with ExxonMobil pursuant to which ExxonMobil purchases approximately 50% of our gasoline production. This offtake agreement has an initial term of three years from the date of the Torrance Acquisition at which time it will automatically renew for another three year term unless either party gives six months written notice of its intent to terminate the agreement.

Tankage Capacity. Torrance has a total tankage capacity of approximately 8.6 million barrels. Of this total, approximately 2.1 million barrels are allocated to crude oil storage with the remaining 6.5 million barrels allocated to intermediates and products.

Energy and Other Utilities. Under normal operating conditions, the Torrance refinery consumes approximately 42,000 MMBTU per day of natural gas supplied via pipeline from third parties. The Torrance refinery generates some power internally using a combination of steam and gas turbines and purchases any additional needed power from the local utility. The Torrance refinery has a long-term contract to purchase hydrogen and steam from a third party supplier.

Logistics Segment

We formed PBFX, a publicly traded master limited partnership, to own or lease, operate, develop and acquire crude oil and refined petroleum products terminals, pipelines, storage facilities and similar logistics assets. PBFX s operations are aggregated into the Logistics segment. PBFX engages in the receiving, handling, storage and transferring of crude oil, refined products, natural gas and intermediates from sources located throughout the United States and Canada for PBF Energy in support of its refineries as well as third party customers. A substantial majority of PBFX s revenues is derived from long-term, fee-based commercial agreements with PBF Holding, which include minimum volume commitments, for receiving, handling, storing and transferring crude oil, refined products and natural gas. PBFX s third party revenue is primarily derived from its East Coast Terminals. We also have agreements with PBFX that establish fees for certain general and administrative services and operational and maintenance services provided by PBF Holding to PBFX. These transactions, other than those with third parties, are eliminated by us in consolidation.

As of December 31, 2017, PBFX s assets (as defined below) consist of the following:

The DCR Rail Terminal A 130,000 bpd light crude oil rail unloading terminal which commenced operations in February 2013 and serves PBF Holding s Delaware City and Paulsboro refineries.

The DCR West Rack A 40,000 bpd heavy crude oil unloading rack which commenced operations in August 2014 and serves PBF Holding s Delaware City refinery.

The Toledo Truck Terminal A truck terminal comprised of six lease automatic custody transfer (LACT) units, with unloading capacity of 22,500 bpd.

The Toledo Storage Facility A storage facility which services PBF Holding s Toledo refinery and consists of 30 tanks for storing crude oil, refined products and intermediates with aggregate capacity of 3.9 million barrels as well as a propane storage and unloading facility consisting of 27 propane storage bullets and a truck loading facility with a throughput capacity of 11,000 bpd.

DCR Products Pipeline and Truck Rack The DCR Products Pipeline consists of a 23.4 mile, 16-inch interstate petroleum products pipeline with an excess of 125,000 bpd of capacity located at PBF Holding s Delaware City refinery. The DCR Truck Rack consists of a 15-lane, 76,000 bpd capacity truck loading rack utilized to distribute gasoline and distillates.

East Coast Terminals The East Coast Terminals include a total of 57 product tanks with a total shell capacity of approximately 4.2 million barrels, pipeline connections to the Colonial Pipeline Company,

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Buckeye Partners, Sunoco Logistics Partners and other proprietary pipeline systems, 26 truck loading lanes and marine facilities capable of handling barges and ships.

Torrance Valley Pipeline PBFX acquired from PBF LLC 50% of the issued and outstanding limited liability company interests of TVPC, whose assets consist of the 189-mile San Joaquin Valley Pipeline system, which consists of the M55, M1 and M70 pipeline systems with 110,000 bpd of capacity, including 11 pipeline stations with storage capacity and truck unloading capability at two of the stations.

Paulsboro Natural Gas Pipeline A 24 interstate natural gas pipeline with 60,000 dekatherms/day capacity that originates in Delaware County, Pennsylvania, at an interconnection with Texas Eastern pipeline that runs under the Delaware River and terminates at the delivery point to PBF Holding s Paulsboro refinery.

Chalmette Storage Tank A crude oil storage tank with a shell capacity of 625,000 barrels located at PBF Holding s Chalmette refinery (the Chalmette Storage Tank).

Toledo Products Terminal The Toledo Products Terminal is located adjacent to PBF Holding s Toledo refinery and is comprised of a ten-bay truck rack and over 110,000 barrels of chemicals, clean product and additive storage capacity.

Transactions with PBFX

Since the inception of PBFX in 2014, PBF LLC and PBFX have entered into a series of drop-down transactions. Such transactions occurring in the three years ended December 31, 2017 are discussed below.

Effective May 14, 2015, we contributed to PBFX all of the issued and outstanding limited liability company interests of Delaware Pipeline Company LLC and Delaware City Logistics Company LLC, whose assets consist of the DCR Products Pipeline and the DCR Truck Rack (collectively referred to as the DCR Products Pipeline and Truck Rack), for total consideration of $143.0 million, consisting of $112.5 million of cash and $30.5 million of PBFX common units, or 1,288,420 common units.

On August 31, 2016, PBFX entered into a contribution agreement (the TVPC Contribution Agreement) between PBFX and us. Pursuant to the TVPC Contribution Agreement, PBFX acquired from us 50% of the issued and outstanding limited liability company interests of TVPC, whose assets consist of the San Joaquin Valley Pipeline system (which was acquired as a part of the Torrance Acquisition). The total consideration paid to us was $175.0 million, which was funded by PBFX with $20.0 million of cash on hand, $76.2 million in proceeds from the sale of marketable securities, and $78.8 million in net proceeds from the PBFX equity offering in August 2016.

On February 15, 2017, PBFX entered into the PNGPC Contribution Agreement between PBFX and us. Pursuant to the PNGPC Contribution Agreement, we contributed to PBFX s wholly owned subsidiary, PBFX Op Co, all of the issued and outstanding limited liability company interests of PNGPC. PNGPC owns and operates an existing interstate natural gas pipeline that originates in Delaware County, Pennsylvania, at an interconnection with Texas Eastern pipeline that runs under the Delaware River and terminates at the delivery point to PBF Holding s Paulsboro refinery, and is subject to regulation by the FERC. In connection with the PNGPC Contribution Agreement, PBFX constructed a new 24 pipeline to replace the existing pipeline, which commenced services in August 2017. In consideration for the PNGPC limited liability company interests, PBFX delivered to us (i) an $11.6 million intercompany promissory note in favor of Paulsboro Refining Company LLC, a wholly owned subsidiary of PBF Holding (ii) an expansion rights and right of first refusal agreement in favor of us with respect to the Paulsboro Natural Gas Pipeline and (iii) an assignment and assumption agreement with respect to certain outstanding litigation involving PNGPC and the existing pipeline.

Effective February 2017, PBF Holding and PBFX Op Co entered into the Chalmette Storage Services Agreement under which PBFX, through PBFX Op Co, began providing storage services to PBF Holding

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commencing on November 1, 2017 upon the completion of the construction of the Chalmette Storage Tank. PBFX Op Co and Chalmette Refining have entered into a twenty-year lease for the premises upon which the tank is located and a project management agreement pursuant to which Chalmette Refining managed the construction of the tank.

In connection with the foregoing transactions, PBF Holding entered into commercial agreements with PBFX entities for the provision of services which require minimum monthly throughput volumes. Subsequent to the transactions described above, as of December 31, 2017, we held a 44.1% limited partner interest in PBFX consisting of 18,459,497 common units. We also own all of the IDRs and indirectly own a non-economic general partner interest in PBFX. The IDRs entitle us to receive increasing percentages, up to a maximum of 50.0%, of the cash PBFX distributes from operating surplus in excess of $0.345 per unit per quarter.

Principal Products

Our refineries make various grades of gasoline, distillates (including diesel fuel, jet fuel and ULSD) and other products from crude oil, other feedstocks, and blending components. We sell these products through our commercial accounts, and sales with major oil companies. For the years ended December 31, 2017, 2016 and 2015, gasoline and distillates accounted for 84.1%, 88.0% and 88.0% of our revenues, respectively.

Customers

We sell a variety of refined products to a diverse customer base. The majority of our refined products are primarily sold through short-term contracts or on the spot market. However, we do have product offtake arrangements for a portion of our clean products. For the years ended December 31, 2017, 2016 and 2015, no single customer accounted for 10% or more of our revenues, respectively. As of December 31, 2017 and December 31, 2016, no single customer accounted for 10% or more of our total trade accounts receivable.

Seasonality

Demand for gasoline and diesel is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and construction work. Decreased demand during the winter months can lower gasoline and diesel prices. As a result, our operating results for the first and fourth calendar quarters may be lower than those for the second and third calendar quarters of each year. Refining margins remain volatile and our results of operations may not reflect these historical seasonal trends. Additionally, the degree of seasonality may differ by the geographic areas in which we operate. Most of the effects of seasonality on PBFX s operating results are mitigated through fee-based commercial agreements with us that include minimum volume commitments.

Competition

The refining business is very competitive. We compete directly with various other refining companies on the Northeast, Midwest, Gulf Coast and West Coast, with integrated oil companies, with foreign refiners that import products into the United States and with producers and marketers in other industries supplying alternative forms of energy and fuels to satisfy the requirements of industrial, commercial and individual consumers. Some of our competitors have expanded the capacity of their refineries and internationally new refineries are coming on line which could also affect our competitive position.

Profitability in the refining industry depends largely on refined product margins, which can fluctuate significantly, as well as crude oil prices and differentials between the prices of different grades of crude oil, operating efficiency and reliability, product mix and costs of product distribution and transportation. Certain of our competitors that have larger and more complex refineries may be able to realize lower per-barrel costs or higher margins per barrel of throughput. Several of our principal competitors are integrated national or international oil companies that are larger and have substantially greater resources. Because of their integrated operations and larger capitalization, these companies may be more flexible in responding to volatile industry or market conditions, such as shortages of feedstocks or intense price fluctuations. Refining margins are frequently impacted by sharp changes in crude oil costs, which may not be immediately reflected in product prices.

The refining industry is highly competitive with respect to feedstock supply. Unlike certain of our competitors that have access to proprietary controlled sources of crude oil production available for use at their own refineries, we obtain all of our crude oil and substantially all other feedstocks from unaffiliated sources. The availability and cost of crude oil and feedstock are affected by global supply and demand. We have no crude oil reserves and are not engaged in the exploration or production of crude oil. We believe, however, that we will be able to obtain adequate crude oil and other feedstocks at generally competitive prices for the foreseeable future.

Corporate Offices

We currently lease approximately 58,000 square feet for our principal corporate offices in Parsippany, New Jersey. The lease for our principal corporate offices expires in 2019. Functions performed in the Parsippany office include overall corporate management, refinery and HSE management, planning and strategy, corporate finance, commercial operations, logistics, contract administration, marketing, investor relations, governmental affairs, accounting, tax, treasury, information technology, legal and human resources support functions.

We lease approximately 4,000 square feet for our regional corporate office in Long Beach, California. The lease for our Long Beach office expires in 2021. Functions performed in the Long Beach office include overall regional corporate management, planning and strategy, commercial operations, logistics, contract administration, marketing and governmental affairs functions.

We lease approximately 5,000 square feet for our regional corporate office in The Woodlands, Texas The lease for The Woodlands office expires in 2022. Functions performed in The Woodlands include pipeline control center operations and logistics operations, engineering and regulatory support functions.

Employees

As of December 31, 2017, we had approximately 3,165 employees. At our Paulsboro refinery, 286 of our 461 employees are covered by a collective bargaining agreement. In addition, 1,331 of our 2,316 employees at our Delaware City, Toledo, Chalmette and Torrance refineries and our related logistics assets are covered by a collective bargaining agreement. None of our corporate employees are covered by a collective bargaining agreement. We consider our relations with the represented employees to be satisfactory. At Delaware City, Toledo, Chalmette and Torrance, most hourly employees are covered by a collective bargaining agreement through the United Steel Workers (USW). The agreements with the USW covering Delaware City, Chalmette and Torrance are scheduled to expire in January 2019, while the agreement with the USW covering Toledo is scheduled to expire in February 2019. Similarly, at Paulsboro hourly employees are represented by the Independent Oil Workers (IOW) under a contract scheduled to expire in March 2019.

Environmental, Health and Safety Matters

Our refineries, pipelines and related operations are subject to extensive and frequently changing federal, state and local laws and regulations, including, but not limited to, those relating to the discharge of materials into the environment or that otherwise relate to the protection of the environment, waste management and the characteristics and the compositions of fuels. Compliance with existing and anticipated laws and regulations can increase the overall cost of operating the refineries, including remediation, operating costs and capital costs to construct, maintain and upgrade equipment and facilities. Permits are also required under these laws for the operation of our refineries, pipelines and related operations and these permits are subject to revocation, modification and renewal. Compliance with applicable environmental laws, regulations and permits will continue to have an impact on our operations, results of operations and capital requirements. We believe that our current operations are in substantial compliance with existing environmental laws, regulations and permits.

In connection with the Paulsboro refinery acquisition, we assumed certain environmental remediation obligations. The environmental liability of $10.3 million recorded as of December 31, 2017 ($10.8 million as of December 31, 2016) represents the present value of expected future costs discounted at a rate of 8.0%. The current portion of the environmental liability is recorded in Accrued expenses and the non-current portion is recorded in Other long-term liabilities. As of December 31, 2017 and December 31, 2016, this liability is self-guaranteed by us.

In connection with the acquisition of the Delaware City assets, Valero Energy Corporation (Valero) remains responsible for certain pre-acquisition environmental obligations up to $20.0 million and the predecessor to Valero in ownership of the refinery retains other historical obligations.

In connection with the acquisition of the Delaware City assets and the Paulsboro refinery, the Company and Valero purchased ten year, $75.0 million environmental insurance policies to insure against unknown environmental liabilities at each site. In connection with the Toledo refinery acquisition, Sunoco, Inc. (R&M) remains responsible for environmental remediation for conditions that existed on the closing date for twenty years from March 1, 2011, subject to certain limitations.

In connection with the acquisition of the Chalmette refinery, we obtained $3.9 million in financial assurance (in the form of a surety bond) to cover estimated potential site remediation costs associated with an agreed to Administrative Order of Consent with the United States Environmental Protection Agency (EPA). The estimated cost assumes remedial activities will continue for a minimum of 30 years. Further, in connection with the acquisition of the Chalmette refinery, we purchased a ten year, $100.0 million environmental insurance policy to insure against unknown environmental liabilities at the refinery. At the time we acquired the Chalmette refinery it was subject to a Consolidated Compliance Order and Notice of Potential Penalty (the Order) issued by the Louisiana Department of Environmental Quality (LDEQ) covering deviations from 2009 and 2010. Chalmette Refining and LDEQ subsequently entered into a dispute resolution agreement to negotiate the resolution of deviations inside and outside the periods covered by the Order. Although a settlement agreement has not been finalized, the administrative penalty is anticipated to be approximately $741,000, including beneficial environmental projects. To the extent the administrative penalty exceeds such amount, it is not expected to be material to us.

The Delaware City refinery is appealing a Notice of Penalty Assessment and Secretary s Order issued in March 2017, including a $150,000 fine, alleging violations of a 2013 Secretary s Order authorizing crude oil shipment by barge. DNREC determined that the Delaware City refinery had violated the 2013 order by failing to make timely and full disclosure to DNREC about the nature and extent of those shipments, and had misrepresented the number of shipments that went to other facilities. The Penalty Assessment and Secretary s Order conclude that the 2013 Secretary s Order was violated by the Delaware City refinery by shipping crude oil from the Delaware City terminal to three locations other than the Paulsboro refinery, on 15 days in 2014, making a total of 17 separate barge shipments containing approximately 35.7 million gallons of crude oil in total. On April 28, 2017, the Delaware City refinery appealed the Notice of Penalty Assessment and Secretary s Order. On March 5, 2018, Notice of Penalty Assessment was settled by DNREC, the Delaware Attorney General and Delaware City refinery for $100,000. The Delaware City refinery made no admissions with respect to the alleged violations and agreed to request a Coastal Zone Act status decision prior to making crude oil shipments to destinations other than Paulsboro.

On December 28, 2016, DNREC issued a Coastal Zone Act permit (the Ethanol Permit) to DCR allowing the utilization of existing tanks and existing marine loading equipment at their existing facilities to enable denatured ethanol to be loaded from storage tanks to marine vessels and shipped to offsite facilities. On January 13, 2017, the issuance of the Ethanol Permit was appealed by two environmental groups. On February 27, 2017, the Coastal Zone Industrial Board (the Coastal Zone Board) held a public hearing and dismissed the appeal, determining that the appellants did not have standing. The appellants filed an appeal of the Coastal Zone Board s decision with the Delaware Superior Court (the Superior Court) on March 30, 2017. On January 19, 2018, the Superior Court rendered an Opinion regarding the decision of the Coastal Zone Board to dismiss the appeal of the Ethanol Permit for the ethanol project. The judge determined that the record created by the Coastal Zone Board was insufficient for the Superior Court to make a decision, and therefore remanded the case back to the Coastal Zone Board to address the deficiency in the record. Specifically, the Superior Court directed the Coastal Zone Board to address any evidence concerning whether the appellants claimed injuries would be affected by the increased quantity of ethanol shipments. During the hearing before the Coastal Zone Board on standing, one of the appellants witnesses made a reference to the flammability of ethanol, without any indication of the significance of flammability/explosivity to specific concerns. Moreover, the appellants did not introduce at hearing any evidence of the relative flammability of ethanol as compared to other materials shipped to and from the refinery. However, the sole dissenting opinion from the Coastal Zone Board focused on the flammability/explosivity issue, alleging that the appellants testimony raised the issue as a distinct basis for potential harms. Once the Coastal Zone Board responds to the remand, it will go back to the Superior Court to complete its analysis and issue a decision.

At the time we acquired the Toledo refinery, the EPA had initiated an investigation into the compliance of the refinery with EPA standards governing flaring pursuant to Section 114 of the Clean Air Act. On February 1, 2013, the EPA issued an Amended Notice of Violation, and on September 20, 2013, the EPA issued a Notice of Violation and a Finding of Violation to Toledo Refining, alleging certain violations of the Clean Air Act at its Plant 4 and Plant 9 flares since the acquisition of the refinery on March 1, 2011. Toledo Refining and EPA subsequently entered into tolling agreements pending settlement discussions. Although the resolution has not been finalized, the civil administrative penalty is anticipated to be approximately $645,000, including supplemental environmental projects. To the extent the administrative penalty exceeds such amount, it is not expected to be material to us.

In connection with the acquisition of the Torrance refinery and related logistics assets, we assumed certain pre-existing environmental liabilities totaling $136.5 million as of December 31, 2017 ($142.5 million as of December 31, 2016), related to certain environmental remediation obligations to address existing soil and groundwater contamination and monitoring and other clean-up activities, which reflects the current estimated cost of the remediation obligations. In addition, in connection with the acquisition of the Torrance refinery and related logistics assets, we purchased a ten year, $100.0 million environmental insurance policy to insure against unknown environmental liabilities. Furthermore, in connection with the acquisition, we assumed responsibility for certain specified environmental matters that occurred prior to our ownership of the refinery and the logistic assets, including specified incidents and/or notices of violations (NOVs) issued by regulatory agencies in various years before our ownership, including the Southern California Air Quality Management District (SCAQMD) and the Division of Occupational Safety and Health of the State of California (Cal/OSHA).

Additionally, subsequent to the acquisition, further NOVs were issued by the SCAQMD, Cal/OSHA, the City of Torrance and the City of Torrance Fire Department related to alleged operational violations, emission discharges and/or flaring incidents at the refinery and the logistics assets both before and after our acquisition. In addition, subsequent to the acquisition, EPA and the California Department of Toxic Substances Control (DTSC) conducted inspections related to Torrance operations and issued preliminary findings related to potential operational violations. On March 1, 2018, we received a notice of intent to sue from Environmental Integrity Project, on behalf of Environment California, under the Resource Conservation and Recovery Act with respect to the alleged violations from EPA s and DTSC s inspections. On March 2, 2018, DTSC issued an order to correct alleged violations relating to the accumulation of oil bearing materials. No settlement or penalty demands have been received to date with respect to any of the NOVs, preliminary findings or order that are in excess of $100,000. As the ultimate outcomes are uncertain, we cannot currently estimate the final amount or timing of their resolution. It is reasonably possible that SCAQMD, Cal/OSHA, the City of Torrance, EPA and/or DTSC will assess penalties in excess of $100,000, but any such amount is not expected to have a material impact on our financial position, results of operations or cash flows, individually or in the aggregate.

In connection with the PBFX Plains Asset Purchase (as defined in Note 4 Acquisitions to our consolidated financial statements included elsewhere in this prospectus), PBFX is responsible for the environmental remediation costs for conditions that existed on the closing date up to a maximum of $250,000 per year for 10 years, with Plains All American Pipeline, L.P. remaining responsible for any and all additional costs above such amounts during such period. The recorded environmental liability associated with the PBFX Plains Asset Purchase as of December 31, 2017 and December 31, 2016 was $1.9 million and $2.2 million, respectively.

Applicable Federal and State Regulatory Requirements

Our operations and many of the products we manufacture are subject to certain specific requirements of the Clean Air Act (the CAA) and related state and local regulations. The CAA contains provisions that require capital expenditures for the installation of certain air pollution control devices at our refineries. Subsequent rule making authorized by the CAA or similar laws or new agency interpretations of existing rules, may necessitate additional expenditures in future years.

In 2010, New York State adopted a Low-Sulfur Heating Oil mandate that, beginning July 1, 2012, requires all heating oil sold in New York State to contain no more than 15 parts per million (PPM) sulfur. Since July 1, 2012, other states in the Northeast market began requiring heating oil sold in their state to contain no more than 15 PPM sulfur. Currently, all of the Northeastern states and Washington DC have adopted sulfur controls on heating oil. Most of the Northeastern states will now require heating oil with 15 PPM or less sulfur by July 1, 2018 (except for Pennsylvania and Maryland - where less than 500 PPM sulfur is required). All of the heating oil we currently produce meets these specifications. The mandate and other requirements do not currently have a material impact on our financial position, results of operations or cash flows.

The EPA issued the final Tier 3 Gasoline standards on March 3, 2014 under the CAA. This final rule establishes more stringent vehicle emission standards and further reduces the sulfur content of gasoline starting in January of 2017. The new standard is set at 10 PPM sulfur in gasoline on an annual average basis starting January 1, 2017, with a credit trading program to provide compliance flexibility. The EPA responded to industry comments on the proposed rule and maintained the per gallon sulfur cap on gasoline at the existing 80 PPM cap. The refineries are complying with these new requirements as planned, either directly or using flexibility provided by sulfur credits generated or purchased in advance as an economic optimization. The standards set by the new rule are not expected to have a material impact on our financial position, results of operations or cash flows.

In November 2017, the EPA issued final 2018 RFS standards that will slightly increase renewable volume standards from final 2017 levels. It is not clear that renewable fuel producers will be able to produce the volumes of these fuels required for blending in accordance with the 2018 standards. Despite decreasing 7% in comparison to 2017, the final 2018 cellulosic standard is still set at approximately 125% of the 2016 standard. It is likely that cellulosic RIN production will be lower than needed forcing obligated parties, such as us, to purchase cellulosic waiver credits to comply in 2018 (the waiver credit option by regulation is only available for the cellulosic standard). The advanced and total Renewable Identification Numbers (RINs) requirements were kept relatively flat in comparison to 2017, but remain 19% and 7% higher than final 2016 levels. Production of advanced RINs has been below what is needed for compliance in 2017 and obligated parties, such as us, will likely continue to rely on the nesting feature of the biodiesel RIN to comply with the advanced standard in 2018. Consistent with 2017, compliance in 2018 will likely rely on obligated parties drawing down the supply of excess RINs collectively known as the RIN bank and could tighten the RIN market potentially raising RIN prices further. While a proposal to change the point of obligation under the RFS program to the blender of renewable fuels was denied by the EPA in November of 2017, the issue continues to receive attention from lawmakers, industry groups, and the current presidential administration, which may result in necessary changes to the RFS program in the future and provide relief to us and other downstream refiners that continue to feel the burden of increased costs to comply with RFS.

In addition, on December 1, 2015 the EPA finalized revisions to an existing air regulation concerning Maximum Achievable Control Technologies (MACT) for Petroleum Refineries. The regulation requires additional continuous monitoring systems for eligible process safety valves relieving to atmosphere, minimum flare gas heat (Btu) content, and delayed coke drum vent controls to be installed by January 30, 2019. In addition, a program for ambient fence line monitoring for benzene was implemented prior to the deadline of January 30, 2018. We are in the process of implementing the requirements of this regulation. The regulation is not expected to have a material impact on our financial position, results of operations or cash flows.

The EPA published a Final Rule to the Clean Water Act (CWA) Section 316(b) in August 2014 regarding cooling water intake structures, which includes requirements for petroleum refineries. The purpose of this rule is to prevent fish from being trapped against cooling water intake screens (impingement) and to prevent fish from being drawn through cooling water systems (entrainment). Facilities will be required to implement Best Technology Available (BTA) as soon as possible, but state agencies have the discretion to establish implementation time lines. We continue to evaluate the impact of this regulation, and at this time do not anticipate it having a material impact on our financial position, results of operations or cash flows.

As a result of the Torrance Acquisition, we are subject to greenhouse gas emission control regulations in the state of California pursuant to Assembly Bill 32 (AB32). AB32 imposes a statewide cap on greenhouse gas emissions, including emissions from transportation fuels, with the aim of returning the state to 1990 emission levels by 2020. AB32 is implemented through two market mechanisms including the Low Carbon Fuel Standard (LCFS) and Cap and Trade, which was extended for an additional 10 years to 2030 in July 2017. We are responsible for the AB32 obligations related to the Torrance refinery beginning on July 1, 2016 and must purchase emission credits to comply with these obligations. Additionally, in September 2016, the state of California enacted Senate Bill 32 (SB32) which further reduces greenhouse gas emissions targets to 40 percent below 1990 levels by 2030.

However, subsequent to the acquisition, we are recovering the majority of these costs from our customers, and as such do not expect this obligation to materially impact our financial position, results of operations, or cash flows. To the degree there are unfavorable changes to AB32 or SB32 regulations or we are unable to recover such compliance costs from customers, these regulations could have a material adverse effect on our financial position, results of operations and cash flows.

We are subject to obligations to purchase RINs required to comply with the RFS. On February 15, 2017, we received another notification that EPA records indicated that PBF Holding used potentially invalid RINs that were in fact verified under the EPA s RIN Quality Assurance Program (QAP) by an independent auditor as QAP A RINs. Under the regulations, use of potentially invalid QAP A RINs provided the user with an affirmative defense from civil penalties provided certain conditions are met. We have asserted the affirmative defense and if accepted by the EPA will not be required to replace these RINs and will not be subject to civil penalties under the program. It is reasonably possible that the EPA will not accept our defense and may assess penalties in these matters but any such amount is not expected to have a material impact on our financial position, results of operations or cash flows.

As of January 1, 2011, we are required to comply with the EPA s Control of Hazardous Air Pollutants From Mobile Sources, or MSAT2, regulations on gasoline that impose reductions in the benzene content of our produced gasoline. We purchase benzene credits to meet these requirements. Our planned capital projects will reduce the amount of benzene credits that we need to purchase. In addition, the renewable fuel standards mandate the blending of prescribed percentages of renewable fuels (e.g., ethanol and biofuels) into our produced gasoline and diesel. These new requirements, other requirements of the CAA and other presently existing or future environmental regulations may cause us to make substantial capital expenditures as well as the purchase of credits at significant cost, to enable our refineries to produce products that meet applicable requirements.

The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), also known as Superfund, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current or former owner or operator of the disposal

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site or sites where the release occurred and companies that disposed of or arranged for the disposal of the hazardous substances. Under CERCLA, such persons may be subject to joint and several liability for investigation and the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. As discussed more fully above, certain of our sites are subject to these laws and we may be held liable for investigation and remediation costs or claims for natural resource damages. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment. Analogous state laws impose similar responsibilities and liabilities on responsible parties. In our current normal operations, we have generated waste, some of which falls within the statutory definition of a hazardous substance and some of which may have been disposed of at sites that may require cleanup under Superfund.

As is the case with all companies engaged in industries similar to ours, we face potential exposure to future claims and lawsuits involving environmental matters. These matters include soil and water contamination, air pollution, personal injury and property damage allegedly caused by substances which we manufactured, handled, used, released or disposed of.

Current and future environmental regulations are expected to require additional expenditures, including expenditures for investigation and remediation, which may be significant, at our refineries and at our other facilities. To the extent that future expenditures for these purposes are material and can be reasonably determined, these costs are disclosed and accrued.

Our operations are also subject to various laws and regulations relating to occupational health and safety. We maintain safety training and maintenance programs as part of our ongoing efforts to ensure compliance with applicable laws and regulations. Compliance with applicable health and safety laws and regulations has required and continues to require substantial expenditures.

We cannot predict what additional health, safety and 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 interpreted with respect to our operations. Compliance with more stringent laws or regulations or adverse changes in the interpretation of existing requirements or discovery of new information such as unknown contamination could have an adverse effect on the financial position and the results of our operations and could require substantial expenditures for the installation and operation of systems and equipment that we do not currently possess.

Legal Proceedings

On July 24, 2013, the Delaware Department of Natural Resources and Environmental Control (DNREC) issued a Notice of Administrative Penalty Assessment and Secretary s Order to Delaware City Refining for alleged air emission violations that occurred during the re-start of the refinery in 2011 and subsequent to the re-start. The penalty assessment seeks $460,200 in penalties and $69,030 in cost recovery for DNREC s expenses associated with investigation of the incidents. We dispute the amount of the penalty assessment and allegations made in the order, and are in discussions with DNREC to resolve the assessment. It is possible that DNREC will assess a penalty in this matter but any such amount is not expected to be material to us.

At the time we acquired the Chalmette refinery it was subject to a Consolidated Compliance Order and Notice of Potential Penalty (the Order) issued by the Louisiana Department of Environmental Quality (LDEQ) covering deviations from 2009 and 2010. Chalmette Refining and LDEQ subsequently entered into a dispute resolution agreement to negotiate the resolution of deviations inside and outside the periods covered by the Order. Although a settlement agreement has not been finalized, the administrative penalty is anticipated to be approximately $741,000, including beneficial environmental projects. To the extent the administrative penalty exceeds such amount, it is not expected to be material to us.

The Delaware City refinery is appealing a Notice of Penalty Assessment and Secretary s Order issued in March 2017, including a $150,000 fine, alleging violation of a 2013 Secretary s Order authorizing crude oil shipment by barge. DNREC determined that the Delaware City refinery had violated the order by failing to make timely and full disclosure to DNREC about the nature and extent of those shipments, and had misrepresented the number of shipments that went to other facilities. The Penalty Assessment and Secretary s Order conclude that the 2013 Secretary s Order was violated by the refinery by shipping crude oil from the Delaware City terminal to three locations other than the Paulsboro refinery, on 15 days in 2014, making a total of 17 separate barge shipments containing approximately 35.7 million gallons of crude oil in total. On April 28, 2017, the Delaware City refinery appealed the Notice of Penalty Assessment and Secretary s Order. On March 5, 2018, Notice of Penalty Assessment was settled by DNREC, the Delaware Attorney General and Delaware City refinery for $100,000. The Delaware City refinery made no admissions with respect to the alleged violations and agreed to request a Coastal Zone Act status decision prior to making crude oil shipments to destinations other than Paulsboro.

On December 28, 2016, DNREC issued the Ethanol Permit to DCR allowing the utilization of existing tanks and existing marine loading equipment at their existing facilities to enable denatured ethanol to be loaded from storage tanks to marine vessels and shipped to offsite facilities. On January 13, 2017, the issuance of the Ethanol Permit was appealed by two environmental groups. On February 27, 2017, the Coastal Zone Board held a public hearing and dismissed the appeal, determining that the appellants did not have standing. The appellants filed an appeal of the Coastal Zone Board s decision with the Superior Court on March 30, 2017. On January 19, 2018, the Superior Court rendered an Opinion regarding the decision of the Coastal Zone Board to dismiss the appeal of the Ethanol Permit for the ethanol project. The judge determined that the record created by the Coastal Zone Board was insufficient for the Superior Court to make a decision, and therefore remanded the case back to the Coastal Zone Board to address the deficiency in the record. Specifically, the Superior Court directed the Coastal Zone Board to address any evidence concerning whether the appellants claimed injuries would be affected by the increased quantity of ethanol shipments. During the hearing before the Coastal Zone Board on standing, one of the appellants witnesses made a reference to the flammability of ethanol, without any indication of the significance of flammability/explosivity to specific concerns. Moreover, the appellants did not introduce at hearing any evidence of the relative flammability of ethanol as compared to other materials shipped to and from the refinery. However, the sole dissenting opinion from the Coastal Zone Board focused on the flammability/explosivity issue, alleging that the appellants testimony raised the issue as a distinct basis for potential harms. Once the Coastal Zone Board responds to the remand, it will go back to the Superior Court to complete its analysis and issue a decision.

At the time we acquired the Toledo refinery, the EPA had initiated an investigation into the compliance of the refinery with EPA standards governing flaring pursuant to Section 114 of the Clean Air Act. On February 1, 2013, the EPA issued an Amended Notice of Violation, and on September 20, 2013, the EPA issued a Notice of Violation and Finding of Violation to Toledo Refining, alleging certain violations of the Clean Air Act at its Plant 4 and Plant 9 flares since the acquisition of the refinery on March 1, 2011. Toledo Refining and the EPA subsequently entered into tolling agreements pending settlement discussions. Although the resolution has not been finalized, the civil administrative penalty is anticipated to be approximately $645,000, including supplemental environmental projects. To the extent the administrative penalty exceeds such amount, it is not expected to be material to us.

In connection with the acquisition of the Torrance refinery and related logistics assets, we assumed certain pre-existing environmental liabilities related to certain environmental remediation obligations to address existing soil and groundwater contamination and monitoring activities, which reflect the estimated cost of the remediation obligations. In addition, in connection with the acquisition of the Torrance refinery and related logistics assets, we purchased a ten year, $100.0 million environmental insurance policy to insure against unknown environmental liabilities. Furthermore, in connection with the acquisition, we assumed responsibility for certain specified environmental matters that occurred prior to our ownership of the refinery and logistics assets, including specified incidents and/or NOVs issued by regulatory agencies in various years before our ownership, including the SCAQMD and Cal/OSHA. Following the closing of the acquisition, further NOVs were issued by the SCAQMD, Cal/OSHA, the City of Torrance and the City of Torrance Fire Department related to alleged operational violations, emission discharges and/or flaring incidents at the refinery and the logistics assets both before and after our acquisition. In addition, subsequent to the acquisition, EPA and the DTSC conducted inspections related to Torrance operations and issued preliminary findings related to potential operational violations. On March 1, 2018, we received a notice of intent to sue from Environmental Integrity Project, on behalf of Environment California, under the Resource Conservation and Recovery Act with respect to the alleged violations from EPA s and DTSC s inspections. On March 2, 2018, DTSC issued an order to correct alleged violations relating to the accumulation of oil bearing materials. No settlement or penalty demands have been received to date with respect to any of the NOVs, preliminary findings, or order that are in excess of $100,000. As the ultimate outcomes are uncertain, we cannot currently estimate the final amount or timing of their resolution. It is reasonably possible that SCAQMD, Cal/OSHA, the City of Torrance, EPA and/or DTSC will assess penalties in excess of $100,000, but any such amount is not expected to have a material impact on our financial position, results of operations or cash flows, individually or in the aggregate.

On September 2, 2011, prior to our ownership of the Chalmette refinery, the plaintiff in Vincent Caruso, et al. v. Chalmette Refining, L.L.C., filed an action on behalf of himself and potentially several thousand other Louisiana residents who live or own property in St. Bernard Parish and Orleans Parish and whose property was allegedly contaminated and who allegedly suffered any property damages and clean-up costs as a result of an emission of spent catalyst from the Chalmette refinery on September 6, 2010. Plaintiffs claim to have suffered injuries, symptoms, and property damage as a result of the release, although the trial court has limited recovery to property damages and clean-up expenses. Plaintiffs seek to recover unspecified damages, interest and costs. In 2016, there was a mini-trial for four plaintiffs for property damage relating to home and vehicle cleaning and the trial court rendered judgment awarding damages related to the cost for home cleaning and vehicle cleaning to the four plaintiffs. The trial court found Chalmette Refining and co-defendant Eaton Corporation (Eaton), to be solidarily liable for the damages. Chalmette Refining and Eaton filed an appeal in August 2016 of the judgment on the mini-trial and on June 28, 2017, the appellate court unanimously reversed the judgment awarding damages to the plaintiffs. On July 12, 2017, the plaintiffs filed for a rehearing of the appellate court judgment, which was denied on July 31, 2017. As a result of the appellate court s judgment, the potential amount of the claims is not determinable. Depending upon the ultimate class size and the nature of the claims, the outcome may have a material adverse effect on our financial position, results of operations, or cash flows.

On December 5, 1990, prior to our ownership of the Chalmette refinery, the plaintiff in Adam Thomas, et al. v. Exxon Mobil Corporation and Chalmette Refining, L.L.C., filed an action on behalf of himself and potentially thousands of other individuals in St. Bernard Parish and Plaquemines Parish who were allegedly exposed to hydrogen sulfide and sulfur dioxide as a result of more than 100 separate flaring events that occurred between 1989 and 2007. This litigation is proceeding as a mass action with individually named plaintiffs as a result of a 2008 trial court decision, affirmed by the court of appeals, that denied class certification. The Plaintiffs claim to have suffered physical injuries, property damage, and other damages as a result of the releases. Plaintiffs seek to recover unspecified compensatory and punitive damages, interest, and costs. The state trial court has scheduled a mini-trial of up to 10 plaintiffs in May 2018, relating to 5 separate flaring events that occurred between 2002 and 2007. Because of the number of potential claimants is unknown and the differing events underlying the claims, the potential amount of the claims is not determinable. It is possible that an adverse outcome may have a material adverse effect on our financial position, results of operations, or cash flows.

On February 17, 2017, in Arnold Goldstein, et al. v. Exxon Mobil Corporation, et al., we and PBF Energy Company LLC, and our subsidiaries, PBF Energy Western Region LLC and Torrance Refining Company LLC and the manager of our Torrance refinery along with Exxon Mobil Corporation were named as defendants in a class action and representative action complaint filed on behalf of Arnold Goldstein, John Covas, Gisela Janette La Bella and others similarly situated. The complaint was filed in the Superior Court of the State of California, County of Los Angeles and alleges negligence, strict liability, ultrahazardous activity, a continuing private nuisance, a permanent private nuisance, a continuing public nuisance, a permanent public nuisance and trespass resulting from the February 18, 2015 electrostatic precipitator (ESP) explosion at the Torrance Refinery which was then owned and operated by Exxon. The operation of the Torrance Refinery by the PBF entities subsequent to our acquisition in July 2016 is also referenced in the complaint. To the extent that plaintiffs claims relate to the ESP explosion, Exxon has retained responsibility for any liabilities that would arise from the lawsuit pursuant to the agreement relating to the acquisition of the Torrance Refinery. This matter is in the initial stages of discovery and we cannot currently estimate the amount or the timing of its resolution. We presently believe the outcome will not have a material impact on our financial position, results of operations or cash flows.

We are subject to obligations to purchase RINs. On February 15, 2017, we received notification that EPA records indicated that PBF Holding used potentially invalid RINs that were in fact verified under the EPA s RIN Quality Assurance Program (QAP) by an independent auditor as QAP A RINs. Under the regulations use of potentially invalid QAP A RINs provided the user with an affirmative defense from civil penalties provided certain conditions are met. We have asserted the affirmative defense and if accepted by the EPA will not be required to replace these RINs and will not be subject to civil penalties under the program. It is reasonably possible that the EPA will not accept our defense and may assess penalties in these matters but any such amount is not expected to have a material impact on our financial position, results of operations or cash flows.

As of January 1, 2011, we are required to comply with the EPA s Control of Hazardous Air Pollutants From Mobile Sources, or MSAT2, regulations on gasoline that impose reductions in the benzene content of our produced gasoline. We purchase benzene credits to meet these requirements. Our planned capital projects will reduce the amount of benzene credits that we need to purchase. In addition, the renewable fuel standards mandate the blending of prescribed percentages of renewable fuels (e.g., ethanol and biofuels) into our produced gasoline and diesel. These new requirements, other requirements of the CAA and other presently existing or future environmental 25 regulations may cause us to make substantial capital expenditures as well as the purchase of credits at significant cost, to enable our refineries to produce products that meet applicable requirements.

CERCLA, also known as Superfund, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current or former owner or operator of the disposal site or sites where the release occurred and companies that disposed of or arranged for the disposal of the hazardous substances. Under CERCLA, such persons may be subject to joint and several liability for investigation and the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. As discussed more fully above, certain of our sites are subject to these laws and we may be held liable for investigation and remediation costs or claims for natural resource damages. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment. Analogous state laws impose similar responsibilities and liabilities on responsible parties. In our current normal operations, we have generated waste, some of which falls within the statutory definition of a hazardous substance and some of which may have been disposed of at sites that may require cleanup under Superfund.

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GLOSSARY OF SELECTED TERMS

Unless otherwise noted or indicated by context, the following terms used in this section of the prospectus have the following meanings:

AB 32 refers to the greenhouse gas emission control regulations in the state of California to comply with Assembly Bill 32.

ASCI refers to the Argus Sour Crude Index, a pricing index used to approximate market prices for sour, heavy crude oil.

Bakken refers to both a crude oil production region generally covering North Dakota, Montana and Western Canada, and the crude oil that is produced in that region.

barrel refers to a common unit of measure in the oil industry, which equates to 42 gallons.

blendstocks refers to various compounds that are combined with gasoline or diesel from the crude oil refining process to make finished gasoline and diesel; these may include natural gasoline, FCC unit gasoline, ethanol, reformate or butane, among others.

bpd refers to an abbreviation for barrels per day.

CAA refers to the Clean Air Act.

CAM Pipeline or **CAM Connection Pipeline** refers to the Clovelly-Alliance-Meraux pipeline in Louisiana.

CARB refers to the California Air Resources Board; gasoline and diesel fuel sold in the state of California are regulated by CARB and require stricter quality and emissions reduction performance than required by other states.

catalyst refers to a substance that alters, accelerates, or instigates chemical changes, but is not produced as a product of the refining process.

coke refers to a coal-like substance that is produced from heavier crude oil fractions during the refining process.

complexity refers to the number, type and capacity of processing units at a refinery, measured by the Nelson Complexity Index, which is often used as a measure of a refinery s ability to process lower quality crude in an economic manner.

crack spread refers to a simplified calculation that measures the difference between the price for light products and crude oil. For example, we reference (a) the 2-1-1 crack spread, which is a general industry standard utilized by our Delaware City and Chalmette refineries that approximates the per barrel refining margin resulting from processing two barrels of crude oil to produce one barrel of gasoline and one barrel of heating oil or ULSD, and (b) the 4-3-1 crack spread, which is a benchmark utilized by our Toledo and Torrance refineries that approximates the per barrel refining margin resulting from processing four barrels of crude oil to produce three barrels of gasoline and one-half barrel of jet fuel and one-half barrel of ULSD.

Dated Brent refers to Brent blend oil (a light, sweet North Sea crude oil, characterized by an API gravity of 38° and a sulfur content of approximately 0.4 weight percent) that is used as a benchmark for other crude oils.

DNREC refers to the Delaware Department of Natural Resources and Environmental Control.

distillates refers primarily to diesel, heating oil, kerosene and jet fuel.

downstream refers to the downstream sector of the energy industry generally describing oil refineries, marketing and distribution companies that refine crude oil and sell and distribute refined products. The opposite of the downstream sector is the upstream sector, which refers to exploration and production companies that search for and/or produce crude oil and natural gas underground or through drilling or exploratory wells.

EPA refers to the United States Environmental Protection Agency.

Ethanol Permit refers to a Coastal Zone Act permit for ethanol.

ethanol refers to a clear, colorless, flammable oxygenated liquid. Ethanol is typically produced chemically from ethylene, or biologically from fermentation of various sugars from carbohydrates found in agricultural crops. It is used in the United States as a gasoline octane enhancer and oxygenate.

feedstocks refers to crude oil and partially refined petroleum products that are processed and blended into refined products.

FASB refers to the Financial Accounting Standards Board which develops U.S. generally accepted accounting principles.

FCC refers to fluid catalytic cracking.

FCU refers to fluid coking unit.

FERC refers to the Federal Energy Regulatory Commission.

GAAP refers to U.S. generally accepted accounting principles developed by the Financial Accounting Standards Board for nongovernmental entities.

GHG refers to the greenhouse gas carbon dioxide.

Group I base oils or lubricants refers to conventionally refined products characterized by a sulfur content less than 0.03% with a viscosity index between 80 and 120. Typically, these products are used in a variety of automotive and industrial applications.

heavy crude oil refers to a relatively inexpensive crude oil with a low API gravity characterized by high relative density and viscosity. Heavy crude oils require greater levels of processing to produce high value products such as gasoline and diesel.

IDRs refers to incentive distribution rights.

J. Aron refers to J. Aron & Company, a subsidiary of The Goldman Sachs Group, Inc.

KV refers to Kilovolts.

LCM refers to a GAAP requirement for inventory to be valued at the lower of cost or market.

light crude oil refers to a relatively expensive crude oil with a high API gravity characterized by low relative density and viscosity. Light crude oils require lower levels of processing to produce high value products such as gasoline and diesel.

light products refers to the group of refined products with lower boiling temperatures, including gasoline and distillates.

light-heavy differential refers to the price difference between light crude oil and heavy crude oil.

LLS refers to Light Louisiana Sweet benchmark for crude oil reflective of Gulf coast economics for light sweet domestic and foreign crudes.

LPG refers to liquefied petroleum gas.

Maya refers to Maya crude oil, a heavy, sour crude oil characterized by an API gravity of approximately 22° and a sulfur content of approximately 3.3 weight percent that is used as a benchmark for other heavy crude oils.

MLP refers to master limited partnership.

MMbbls refers to an abbreviation for million barrels.

MMBTU refers to million British thermal units.

MMSCFD refers to million standard cubic feet per day.

MOEM Pipeline refers to a pipeline that originates at a terminal in Empire, Louisiana approximately 30 miles north of the mouth of the Mississippi River. The MOEM Pipeline is 14 inches in diameter, 54 miles long and transports crude from South Louisiana to the Chalmette refinery and transports Heavy Louisiana Sweet (HLS) and South Louisiana Intermediate (SLI) crude.

MSCG refers to Morgan Stanley Capital Group Inc.

MW refers to Megawatt.

Nelson Complexity Index refers to the complexity of an oil refinery as measured by the Nelson Complexity Index, which is calculated on an annual basis by the Oil and Gas Journal. The Nelson Complexity Index assigns a complexity factor to each major piece of refinery equipment based on its complexity and cost in comparison to crude distillation, which is assigned a complexity factor of 1.0. The complexity of each piece of refinery equipment is then calculated by multiplying its complexity factor by its throughput ratio as a percentage of crude distillation capacity. Adding up the complexity values assigned to each piece of equipment, including crude distillation, determines a refinery s complexity on the Nelson Complexity Index. A refinery with a complexity of 10.0 on the Nelson Complexity Index is considered ten times more complex than crude distillation for the same amount of throughput.

NYH refers to the New York Harbor market value of petroleum products.

NYMEX refers to the New York Mercantile Exchange.

NYSE refers to the New York Stock Exchange.

PADD refers to Petroleum Administration for Defense Districts.

PBF Energy IPO refers to the initial public offering of PBF Energy s Class A common stock which closed on December 18, 2012.

Platts refers to Platts, a division of The McGraw-Hill Companies.

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PPM refers to parts per million.

RINS refers to renewable fuel credits required for compliance with the Renewable Fuels Standard.

refined products refers to petroleum products, such as gasoline, diesel and jet fuel, that are produced by a refinery.

sour crude oil refers to a crude oil that is relatively high in sulfur content, requiring additional processing to remove the sulfur. Sour crude oil is typically less expensive than sweet crude oil.

Saudi Aramco refers to Saudi Arabian Oil Company.

SEC refers to the United States Securities and Exchange Commission.

Sunoco refers to Sunoco, LLC.

sweet crude oil refers to a crude oil that is relatively low in sulfur content, requiring less processing to remove the sulfur than sour crude oil. Sweet crude oil is typically more expensive than sour crude oil.

Syncrude refers to a blend of Canadian synthetic oil, a light, sweet crude oil, typically characterized by an API gravity between 30° and 32° and a sulfur content of approximately 0.1-0.2 weight percent.

TCJA refers to the U.S. government comprehensive tax legislation enacted on December 22, 2017 and commonly referred to as the Tax Cuts and Jobs Act, or TCJA.

throughput refers to the volume processed through a unit or refinery.

turnaround refers to a periodically required shutdown and comprehensive maintenance event to refurbish and maintain a refinery unit or units that involves the inspection of such units and occurs generally on a periodic cycle.

ULSD refers to ultra-low-sulfur diesel.

Valero refers to Valero Energy Corporation.

WCS refers to Western Canadian Select, a heavy, sour crude oil blend typically characterized by API gravity between 20° and 22° and a sulfur content of approximately 3.5 weight percent that is used as a benchmark for heavy Western Canadian crude oil.

WTI refers to West Texas Intermediate crude oil, a light, sweet crude oil, typically characterized by API gravity between 38° and 40° and a sulfur content of approximately 0.3 weight percent that is used as a benchmark for other crude oils.

WTS refers to West Texas Sour crude oil, a sour crude oil characterized by an API gravity between 30° and 33° and a sulfur content of approximately 1.28 weight percent that is used as a benchmark for other sour crude oils.

yield refers to the percentage of refined products that is produced from crude oil and other feedstocks.

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MANAGEMENT OF PBF LLC

PBF Energy is our sole managing member and operates and controls all of our business and affairs. The following table sets forth certain information regarding our and PBF Energy s current executive officers as of December 31, 2017.

Name	Age	Position
Thomas J. Nimbley	66	Chief Executive Officer and Chairman of the Board of Directors
Matthew C. Lucey	44	President
C. Erik Young	40	Senior Vice President, Chief Financial Officer
Trecia M. Canty	48	Senior Vice President, General Counsel
T. Paul Davis	55	Senior Vice President, Western Region
Thomas L. O Connor	45	Senior Vice President, Commercial
Herman Seedorf	66	Senior Vice President of Refining

Thomas J. Nimbley has served as the Chairman of the Board of Directors of PBF Energy since July 2016 and prior to that as a director since October 2014 and on the Board of Directors of PBF Energy since October 2012 and during the period from April 2010 to January 2011. He has served as our and PBF Energy s Chief Executive Officer since June 2010 and was our Executive Vice President, Chief Operating Officer from March 2010 through June 2010. In his capacity as our Chief Executive Officer, Mr. Nimbley also serves as a director and the Chief Executive Officer of certain of PBF Energy s subsidiaries and our affiliates, including Chairman of the Board of PBF GP. Prior thereto, Mr. Nimbley served as a Principal for Nimbley Consultants LLC from June 2005 to March 2010, where he provided consulting services and assisted on the acquisition of two refineries. He previously served as Senior Vice President and head of Refining for Phillips Petroleum Company (Phillips) and subsequently Senior Vice President and head of Refining for ConocoPhillips (ConocoPhillips) domestic refining system (13 locations) following the merger of Phillips and Conoco Inc. Before joining Phillips at the time of its acquisition of Tosco Corporation (Tosco) in September 2001, Mr. Nimbley served in various positions with Tosco and its subsidiaries starting in April 1993.

Matthew C. Lucey has served as PBF Energy s and our President since January 2015 and was PBF Energy s and our Executive Vice President from April 2014 to December 2014. Mr. Lucey served as PBF Energy s and our Senior Vice President, Chief Financial Officer from April 2010 to March 2014. Mr. Lucey joined us as our Vice President, Finance in April 2008. Mr. Lucey has also served as one of PBF Energy s directors since joining us. Mr. Lucey is also a director of certain of PBF Energy s subsidiaries including PBF GP. Prior thereto, Mr. Lucey served as a Managing Director of M.E. Zukerman & Co., a New York-based private equity firm specializing in several sectors of the broader energy industry, from 2001 to 2008. While at M.E. Zukerman & Co., Mr. Lucey participated in all aspects of the firm s energy investment activities and served on the Management Committee of Penreco, a manufacturer of specialty petroleum products; Cortez Pipeline Company, a 500 mile CO2 pipeline; and Venture Coke Company, a merchant petroleum coke calciner. Before joining M.E. Zukerman & Co., Mr. Lucey spent six years in the banking industry.

C. Erik Young has served as PBF Energy s and our Senior Vice President and Chief Financial Officer since April 2014 after joining us in December 2010 as Director, Strategic Planning where he was responsible for both corporate development and capital markets initiatives. Mr. Young is also a director of certain of PBF Energy s subsidiaries, including PBF GP. Prior to joining the Company, Mr. Young spent eleven years in corporate finance, strategic planning and mergers and acquisitions roles across a variety of industries. He began his career in investment banking before joining J.F. Lehman & Company, a private equity investment firm, in 2001.

Trecia M. Canty has served as PBF Energy s and our Senior Vice President, General Counsel and Secretary since September 2015. In her role, Ms. Canty is responsible for the Legal Department and Contracts Administration. Previously, Ms. Canty has named Vice President, Senior Deputy General Counsel and Assistant Secretary in October 2014 and led our commercial and finance legal operations since joining us in November

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2012. Prior to joining us, Ms. Canty served as Associate General Counsel, Corporate and Assistant Secretary of Southwestern Energy Company, where her responsibilities included finance and mergers and acquisitions, securities and corporate compliance and corporate governance. She also provided legal support to the midstream marketing and logistics businesses. Prior to joining Southwestern Energy Company in 2004, Ms. Canty was an associate with Cleary, Gottlieb, Steen & Hamilton.

T. Paul Davis serves as PBF Energy s and our President, Western Region since September 2017. Mr. Davis joined us in April 2012 and, had been head of our commercial operations related to crude oil and refinery feedstock sourcing since May of 2013 and, from January 2015 to September 2015, served as our Co-Head of Commercial. Previously, Mr. Davis was responsible for managing the U.S. clean products commercial operations for Hess Energy Trading Company (HETCO) from 2006 to 2012. Prior to that, Mr. Davis was responsible for Premcor s U.S. Midwest clean products disposition group. Mr. Davis has over 29 years of experience in commercial operations in crude oil and refined products, including 16 years with the ExxonMobil Corporation in various operational and commercial positions, including sourcing refinery feedstocks and crude oil and the disposition of refined petroleum products, as well as optimization roles within refineries.

Thomas L. O Connor serves as PBF Energy s and our head of commercial activities since September 2015. Mr. O Connor joined the Company as Senior Vice President in September 2014 with responsibility for business development and growing the business of PBFX, and from January 2015 to September 2015 served as PBF Energy s and our Co-Head of commercial activities. Prior to joining us, Mr. O Connor worked at Morgan Stanley since 2000 in various positions, most recently as a Managing Director and Global Head of Crude Oil Trading and Global Co-Head of Oil Flow Trading. Prior to joining Morgan Stanley, Mr. O Connor worked for Tosco from 1995 to 2000 in the Atlantic Basin Fuel Oil and Feedstocks group.

Herman Seedorf serves as PBF Energy s and our Senior Vice President of Refining. Mr. Seedorf originally joined us in February of 2011 as the Delaware City Refinery Plant Manager and became Senior Vice President, Eastern Region Refining, in September of 2013. Prior to 2011, Mr. Seedorf served as the refinery manager of the Wood River Refinery in Roxana, Illinois, and also as an officer of the joint venture between ConocoPhillips and Cenovus Energy Inc. Mr. Seedorf s oversight responsibilities included the development and execution of the multi-billion dollar upgrade project which enabled the expanded processing of Canadian crude oils. He also served as the refinery manager of the Bayway Refinery in Linden, New Jersey for four years during the time period that it was an asset of Tosco. Mr. Seedorf began his career in the petroleum industry with Exxon Corporation (Exxon) in 1980. His assignments with Exxon included the trading of international crude oils and a number of managerial assignments at the Baytown Refinery in Texas.

Board of Directors Composition

PBF Energy is our sole managing member and operates and controls all of our business and affairs. PBF Energy s board of directors currently has nine members, eight of whom are independent directors and one of whom is Mr. Nimbley.

Members of the board of directors of PBF Energy will be elected at PBF Energy s annual meeting of stockholders to serve for a term of one year or until their successors have been elected and qualified, subject to prior death, resignation, retirement or removal from office. Each election of directors will be by plurality vote of the stockholders.

Compensation Committee Interlocks and Insider Participation

There are no Compensation Committee interlocking relationships. None of the members of the Compensation Committee of PBF Energy has served as an officer or employee of PBF Energy or PBF LLC or had any relationship requiring disclosure under Item 404 of Regulation S-K, which addresses related person transactions.

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Corporate Governance Principles and Board Matters

PBF Energy has adopted a Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer and principal accounting officer. The Code of Business Conduct and Ethics is available at www.pbfenergy.com under the heading Investors . Any amendments to the Code of Business Conduct and Ethics or any grant of a waiver from the provisions of the Code of Business Conduct and Ethics requiring disclosure under applicable Securities and Exchange Commission rules will be disclosed on such website.

RISK ASSESSMENT OF COMPENSATION PROGRAMS

Total compensation for the employees that are not represented by a union (non-represented employees) is structured similarly to that for the named executive officers and consists of cash compensation in the form of a base salary and eligibility for an annual bonus under the annual Cash Incentive Plan (as described below); and retirement, health and welfare benefits. Certain non-represented employees, like the named executive officers, are eligible for equity incentive compensation under the 2017 Equity Incentive Plan at the discretion of the Board of Directors of PBF Energy as described below.

PBF Energy believes that its incentive compensation programs effectively balance risk and reward. When assessing risk, PBF Energy considers base salary, the mix of award opportunities (i.e., short- vs. long-term), performance targets and metrics, the target-setting process, and the administration and governance associated with the plans. For the named executive officers and other senior management, equity incentive compensation is designed to be a substantial part of their total compensation while the compensation for most of the employees is weighted towards salary and annual cash incentives. The non-represented employees participate in an annual program pursuant to which awards are given based upon the achievement of specific performance objectives of PBF Energy under the annual Cash Incentive Plan and individual performance as assessed by management.

Since the proportion of total compensation that is at risk (i.e., that will vary based on PBF Energy performance) increases as the scope and level of the employee s decision-making responsibilities increase, its incentive compensation programs may encourage management level employees to take certain risks. However, the Board of Directors of PBF Energy takes that fact into consideration and aligns employee interests with those of its stockholders through the use of equity incentives that are intended to focus management on achieving strong annual results while also pursuing significant multi-year growth. The performance goals set by the Board of Directors of PBF Energy are designed to be aggressive and challenging but also achievable. PBF Energy actively monitors its compensation policies and practices to determine whether its risk management objectives are being met through the incentives it provides to its employees.

Features of its compensation programs that PBF Energy believes mitigate excessive risk taking include:

- the mix between fixed and variable, annual and long-term, and cash and equity compensation, designed to encourage strategies and actions that are in PBF Energy s long-term best interests;

- determination of incentive awards based on a variety of indicators of performance, thus diversifying the risk associated with a single indicator of performance; and

- multi-year vesting periods for equity incentive awards, which encourage focus on sustained growth and earnings.

EXECUTIVE COMPENSATION OF PBF LLC

PBF Energy is the sole managing member of PBF LLC. Our executive officers are the executive officers of PBF Energy. The compensation paid to these executive officers is for services provided to both entities (i.e., they are not separately compensated for their services as an officer of PBF LLC), and the following compensation information therefore is set forth for PBF Energy.

Executive Summary

The Board of Directors of PBF Energy has delegated ultimate decision-making authority with respect to the compensation of its executive officers to its Compensation Committee. PBF Energy s compensation program is designed to attract and retain highly qualified executives and to maintain a strong link between pay and the achievement of enterprise-wide goals. PBF Energy emphasizes and rewards teamwork and collaboration among executive officers, which it believes produces growth and performance and optimizes the use of enterprise-wide capabilities for the benefit of its stockholders and other stakeholders.

The Compensation Committee believes that total compensation for the executive officers listed in the 2017 Summary Compensation Table (the named executive officers) should be heavily weighted toward performance-based compensation, and this was the case for 2017. In 2017, annual cash bonuses for the named executive officers under PBF Energy s Cash Incentive Plan represented 28% of its CEO s total compensation and 22% of the total compensation for the other named executive officers. The other elements of compensation for the named executive officers were unchanged from 2016.

In determining the other elements of 2017 executive compensation, the Compensation Committee considered PBF Energy s significant accomplishments in 2017, including the following notable achievements:

Improved Operations at the Torrance and Chalmette Refineries. The Torrance refinery, located on 750 acres in Torrance, California, is a high-conversion 155,000 bpd, delayed- coking refinery with a Nelson Complexity of 14.9. The acquisition of the Torrance Refinery in 2016 increased PBF Energy s total throughput capacity to approximately 900,000 bpd. In the second quarter of 2017, PBF Energy executed its first major turnarounds at the Torrance refinery and implemented a strategic plan to ensure stable and reliable operations. The Chalmette Refinery, located outside of New Orleans, Louisiana, is an 189,000 bpd, dual-train coking refinery with a Nelson Complexity of 12.7 and is capable of processing both light and heavy crude oil. The facility is strategically positioned on the Gulf Coast with strong logistics connectivity that offers flexible raw material sourcing and product distribution opportunities, including the potential to export products. PBF Energy completed its first turnaround since its acquisition in February 2017.

Margin Enhancements at the Torrance and Chalmette Refineries. In 2017, as a result of its investments, PBF Energy increased Torrance rack throughput to approximately 70% of the gasoline yield and optimized distillate margin through rapid, low-cost opportunities. PBF Energy also invested approximately $100 million in margin improvement projects at the Chalmette Refinery, including restarting the idled reformer, hydrotreater and light ends recovery plant to upgrade unfinished naphtha to high value clean products. In addition, the completion of a crude storage project at Chalmette increased crude flexibility and, reduced vessel demurrage and provided the opportunity for increased clean product exports.

Exports and Market Expansion. PBF Energy successfully entered new markets in 2017, which included the commencement of exports to South America and an expansion on the West Coast into the Las Vegas and Phoenix area markets.

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PBF Energy endeavors to maintain strong governance standards in the oversight of its executive compensation programs, including the following policies and practices that were in effect during 2017:

The Compensation Committee s independent compensation consultant, Pay Governance, has been retained directly by the Compensation Committee and performs no other consulting or other services for PBF Energy.

No excise tax gross-ups on any payments at a change of control.

No executive-only perquisites such as company cars, security systems, financial planning or vacation homes for its executive officers.

Equity incentive compensation to align management and stockholder interests.

No hedging transactions relating to its common stock.

As discussed in Compensation-Related Policies Stock Ownership Guidelines, in 2016, the Board adopted stock ownership guidelines applicable to both officers and directors of PBF Energy.

Governance Features of the Executive Compensation Program

PBF Energy s executive compensation program contains features that align with good governance practices, promote alignment with its pay for performance philosophy and mitigate risk to its shareholders.

PBF Energy does:

cap annual cash bonus payouts;

require double triggers for change in control payout for employment agreements;

maintain significant stock ownership guidelines for NEOs and other executive officers;

have limited business perquisites; and

retain an independent compensation consultant which regularly advises the Compensation Committee.

PBF Energy does not:

allow the hedging or pledging of its stock;

guarantee minimum bonus payments to any of its executive officers;

provide tax gross-ups for perquisites;

allow the repricing of stock options without shareholder approval; or

grant stock options below fair market value as of the grant date.

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COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of compensation arrangements of PBF Energy s named executive officers for the fiscal year ended December 31, 2017 should be read together with the compensation tables and related disclosures about its current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that PBF Energy adopt may differ materially from currently planned programs summarized in this discussion.

Named Executive Officers

Our named executive officers for 2017 were the same as PBF Energy s named executive officers, who were:

- Thomas J. Nimbley, Chairman of the Board and Chief Executive Officer (CEO);
- C. Erik Young, Senior Vice President, Chief Financial Officer (CFO);
- Matthew C. Lucey, President (President);
- Thomas O Connor, Senior Vice President, Commercial (SVP-Commercial); and
- T. Paul Davis, President, Western Region (President-Western Region).

Compensation Philosophy

PBF Energy s compensation arrangements are designed to ensure that its executives are rewarded appropriately for their contributions to its growth and profitability, and that the compensation is demonstrably contingent upon and linked to its sustained success. This linkage encourages the commonality of interests between its executives and its stockholders.

The following are the principal objectives in the design of its executive compensation arrangements:

- to attract, retain and motivate superior management talent critical to its long-term success with compensation that is competitive within the marketplace;
- to link executive compensation to the creation and maintenance of long-term equity value;
- to maintain a reasonable balance among base salary, annual cash incentive payments and long-term equity-based incentive compensation, and other benefits;

- to promote equity ownership by executives to align their interests with the interests of its equity holders; and

- to ensure that incentive compensation is linked to the achievement of specific financial and strategic objectives, which are established in advance and approved by the Board of Directors or the Compensation Committee.

In determining executive compensation, the Compensation Committee does not believe there is a single metric or combination of metrics that fully encapsulate PBF Energy s compensation philosophy. Formulaic compensation would not permit adjustments based on less quantifiable factors such as a disparity between absolute and relative performance levels or recognition of superior individual performance.

Peer Group and Benchmarking

While the Compensation Committee believes that compensation should reward an individual s performance, the recognition of individual performance should not be out of line with the competitive market for talent. For purposes of determining executive compensation applicable for executive officers, in 2017, the Compensation Committee considered the total compensation information for equivalent positions or equally ranked executives from a six-company refining industry peer group consisting of HollyFrontier Corporation, Marathon Petroleum Corporation, Phillips 66, Tesoro Corporation, Valero Energy Corporation and Western Refining Inc. Data provided included base salary, target bonus/annual incentive, actual bonus/annual incentive, total cash compensation (sum of base salary and target bonus where available) and the value of long-term incentives based on the accounting value at grant for fiscal year 2016. Among the peer group, data on an equivalent position basis was only available for the Chief Executive Officer and Chief Financial Officer positions. In 2017, the total compensation of its Chief Executive Officer was compared to the CEOs or equivalents of the peer companies and he received total compensation below the 25th percentile of the peer group average total compensation in 2016. The total compensation of its Chief Financial Officer was above the 75th percentile of the peer group average total compensation in 2016 for his position.

Role of the Compensation Committee

Our compensation policies and objectives are established by the Compensation Committee of PBF Energy, which comprises solely independent directors. The Compensation Committee approved the incentive compensation arrangements and eligibility for long-term equity compensation for the named executive officers in 2017 and individual grants of equity to the named executive officers and other employees. The Board, based on the recommendation of the Compensation Committee, approved its equity incentive plans.

Role of Management

In order to ensure that compensation programs are aligned with appropriate performance goals and strategic direction, management works with the Compensation Committee in the compensation-setting process. Specifically, the CEO will provide to the Compensation Committee its opinion of executive performance, recommend business performance targets and objectives, and recommend salary levels and annual and long-term incentive levels except for their own. The Compensation Committee ultimately determines and approves the compensation arrangements for the named executive officers and senior management, the appropriate annual salary, as well as applicable incentive compensation arrangements.

Role of Compensation Consultants

The Compensation Committee of PBF Energy engaged Pay Governance as its independent compensation consultant to, when requested, evaluate its executive compensation programs and make recommendations with respect to appropriate levels and forms of compensation. The objective of this engagement and any requested evaluation is to ensure that PBF Energy remains competitive and develops and maintains a compensation framework that is appropriate for a public company to attract, retain and motivate senior executives. The Compensation Committee concluded that no conflict of interest exists that would prevent Pay Governance from independently representing the Compensation Committee.

Employment Agreements

PBF Energy believes that employment agreements with its executives are necessary to attract and retain key talent as they provide a minimum level of stability to its executives in the event of certain terminations and/or the occurrence of a change in control of its business, freeing the executive to focus on its business and shareholder returns rather than personal financial concerns. Our named executive officers are party to employment agreements with PBF Investments LLC, an indirect wholly owned subsidiary of PBF LLC.

Each of the named executive officer s employment agreement with PBF Investments LLC has the following features:

An employment term of one year with automatic one year extensions thereafter, unless either PBF Energy or the officer provide 30 days prior notice of an election not to renew the agreement.

Under the agreement, the named executive officer is entitled to receive an annual base salary with any increases at the sole discretion of the Board.

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The executive is eligible to participate in the annual Cash Incentive Plan.

The executive is also eligible for grants of equity based compensation, as discussed above.

The executive is entitled to participate in its employee benefit plans in which its employees are eligible to participate, other than any severance plan generally offered to all of its employees, on the same basis as those benefits are generally made available to other senior executives.

No Gross-Ups

The termination provisions in the employment agreements are discussed under Potential Payments Upon Termination Occurring on December 31, 2017, Including in Connection With a Change In Control below. In addition, the employment agreement provides for severance in the event an employment agreement is not renewed by PBF Energy in connection with a Change in Control, and provides, that in the event of a Change in Control, the payments made under the employment agreement will be reduced under certain circumstances in order to avoid any required excise tax under Section 4999 of the Code.

Restrictive Covenants

Each executive is also subject to a covenant not to disclose confidential information during his employment term and at all times thereafter and covenants not to compete with PBF Energy and not to solicit employees during his employment term and for six months following termination of his employment for any reason, subject to certain exceptions.

Compensation Elements and Mix

PBF Energy believes that compensation to its executive officers should provide a balance between its short-term and long-term financial performance goals. As a result, a significant portion of executive compensation will be at risk and will be tied to the attainment of previously established financial goals. However, PBF Energy also believes that it is prudent to provide competitive base salaries and benefits to attract and retain superior talent in order to achieve its strategic objectives. For 2017, the principal elements of its compensation that were considered for the named executive officers were:

Base salaries;

Annual cash incentive plan;

Long-term equity-based incentives; and

Limited benefits and executive perquisites.

The mix of these compensation elements for the named executive officers varied in 2017 based on the Compensation Committee s assessment of the particular circumstances of the officer involved. In 2015, the Compensation Committee altered the mix of compensation elements for the named executive officers by significantly increasing the percentage of total compensation provided in the form of long-term equity incentives. These equity incentives included both stock options and restricted stock awards which were intended to strengthen the alignment of the long-term interests of the named executive officers and its stockholders. In addition, its executive officers receive phantom units from PBF Logistics LP that mirror the performance of PBF Logistics LP common units.

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In 2017, the mix of the components of its CEO s compensation and the average for the other named executive officers, on a percentage basis, was as follows:

Figure 1 2017 CEO Compensation Mix

Figure 2 2017 Other NEO Compensation Mix

Annual Base Salary

The following table sets forth the base salaries for the named executive officers as of year-end 2016 and 2017, indicating the percentage increase year over year.

Named Executive Officer	2016 Salary(1)	2017 Salary(1)	Percentage Change
Thomas J. Nimbley Chief Executive Officer	1,500,000	1,500,000	0%
C. Erik Young Senior Vice President, Chief Financial Officer	525,000	525,000	0%
Matthew C. Lucey President	600,000	600,000	0%
Thomas O Connor SVP-Commercial	500,000	500,000	0%
T. Paul Davis President-Western Region	500,000	500,000	0%

(1) Reflects annualized rate of pay as of year-end and may differ from amounts listed in the summary compensation table due to salary changes occurring within the year.

Base salary is used as a principal means of providing cash compensation for performance of a named executive officer s essential duties. Base salaries for the named executive officers are determined on an

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individual basis and are based on the level of job responsibility in the organization, contributions towards its strategic goals, past experience and market comparisons and are intended to provide the named executive officers with a stable income. Salaries are reviewed from time to time by the Board of Directors, and all proposed adjustments to the base salaries of the named executive officers are reviewed and approved by the Compensation Committee.

Annual Cash Incentive Plan

The named executive officers are eligible to participate in the annual cash incentive compensation plan (CIP) that is the same plan as is maintained for all non-represented employees. The CIP and any amounts thereunder to be paid to a named executive officer are determined in the discretion of the Compensation Committee based on established measures and thresholds. In 2014, the Compensation Committee approved the measures and thresholds under the CIP for the period from 2015 - 2017. PBF Energy does not publicly disclose the specific measures and thresholds since PBF Energy believes that disclosing such information would provide competitors and other third parties with insights into PBF Energy s planning process and would therefore cause competitive harm. The Compensation Committee believes that discretion is a critical feature of PBF Energy s executive compensation program as its business is dynamic and requires PBF Energy to respond rapidly to changes in its operating environment. Consequently, the thresholds and objectives are also subject to change by the Board, in consultation with the Compensation Committee, throughout the year subject to PBF Energy s cash position and liquidity, non-operational accounting adjustments and other extraordinary events that may affect PBF Energy, either positively or negatively. The Compensation Committee actively manages PBF Energy s compensation programs, including the CIP, taking into account prevailing operating and market conditions and the best interests of PBF Energy s stockholders. Its exercise of discretion or decision not to exercise such discretion is part of this process. For example, in fiscal years 2013 and 2016, the Committee did not exercise its discretion and none of the named executive officers received an annual cash bonus under the CIP as the required performance thresholds were not achieved. Each named executive officer s contribution to PBF Energy s performance in the relevant period and the Compensation Committee s assessment of the officer s individual performance is considered in determining the bonuses awarded.

In 2017, the CIP was designed to align the named executive officers and other members of management s short-term cash compensation opportunities with its 2017 financial and strategic goals. The financial and strategic goals for the 2017 annual cash incentive awards included the achievement of certain targets with respect to Adjusted EBITDA. For the 2017 Adjusted EBITDA goal, the Compensation Committee established minimum thresholds, with graduated increases up to a maximum on the amount available for awards. The earnings thresholds and objectives were designed to be realistic and attainable though somewhat aggressive, requiring strong performance and execution and intended to provide an incentive firmly aligning the payment of awards with stockholder interests. PBF Energy s management uses EBITDA (earnings before interest, income taxes, depreciation and amortization) and Adjusted EBITDA as measures of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends. PBF Energy also uses EBITDA and Adjusted EBITDA as measures for planning and forecasting overall expectations and for evaluating actual results against such expectations, and in communications with PBF Energy s Board of Directors, creditors, analysts and investors concerning its financial performance. PBF Energy s outstanding indebtedness for borrowed money and other contractual obligations also include similar measures as a basis for certain covenants under those agreements that may differ from the Adjusted EBITDA definition described below. EBITDA and Adjusted EBITDA are not presentations made in accordance with GAAP and its computation of EBITDA and Adjusted EBITDA may vary from others in its industry. In addition, Adjusted EBITDA contains some, but not all, adjustments that are taken into account in the calculation of the components of various covenants in the agreements governing the Senior Notes and other credit facilities. EBITDA and Adjusted EBITDA should not be considered as alternatives to operating income or net income (loss) as measures of operating performance. In addition, EBITDA and Adjusted EBITDA are not presented as, and should not be considered, an alternative to cash flows from operations as a measure of liquidity. Adjusted EBITDA is defined as EBITDA before equity-based compensation expense and certain other non-cash items as determined by the

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Compensation Committee. Adjusted EBITDA also has limitations as an analytical tool and should not be considered in isolation, or as a substitute for analysis of the results as reported under GAAP.

In February 2018, after consideration of PBF Energy s full year performance, the Committee approved a one-time adjustment to Adjusted EBITDA to address the impact of a non-cash charge related to hedging losses, resulting in the approval of cash bonuses for the named executive officers and other executive management at the level of 164% of base salary.

PBF Energy retains the discretion to amend or discontinue the CIP and/or any award granted under the plan in the future, subject to the terms of the employment agreements with the named executive officers, existing awards and the requirements of applicable law.

Equity Incentive Compensation

As discussed in greater detail below, in 2017, each of the named executive officers received equity awards in the form of stock options for Class A Common Stock, Restricted Stock and PBFX phantom units. See 2017 Stock Option and Restricted Stock Awards and PBFX Phantom Units below.

The named executive officer compensation includes a substantial equity component because PBF Energy believes superior equity investors returns are achieved through a culture that focuses on PBF Energy s long-term performance. By providing its executives with an equity stake, PBF Energy is better able to align the interests of the named executive officers and its other equity holders. Restricted Stock and PBFX phantom unit awards provide an equity incentive that aligns the named executive officers interests with those of its stockholders. In addition, because employees are able to profit from stock options only if its stock price increases relative to the stock option s exercise price, PBF Energy believes stock options are one way to provide meaningful incentives to the named executive officers and other employees to achieve increases in the value of its stock over time.

Equity Incentive Plans

PBF Energy adopted and obtained stockholder approval of the 2017 Equity Incentive Plan at the 2017 Annual Meeting. The 2017 Equity Incentive Plan is the source of new equity-based and cash-based awards permitting it to grant to its key employees and others incentive stock options (within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, or the Code), non-qualified stock options, stock appreciation rights, restricted stock, other awards valued in whole or in part by reference to shares of its Class A Common Stock and performance based awards denominated in shares or cash.

The Compensation Committee administers the 2017 Equity Incentive Plan and determines who will receive awards under the 2017 Equity Incentive Plan, as well as the form of the awards, the number of shares underlying the awards, and the terms and conditions of the awards consistent with the terms of the 2017 Equity Incentive Plan.

2017 Stock Option and Restricted Stock Awards

Based on the recommendation of the Compensation Committee, and in recognition of their development of their functional areas and increased responsibilities, in October 2017, the Board granted under the 2017 Equity Incentive Plan options to purchase Class A Common Stock to the named executive officers as follows: 200,000 options to the CEO, 120,000 options to the President, 110,000 options to the CFO and 100,000 options to each of the SVP-Commercial and President Western Region. These stock options vest in four equal annual installments commencing on the first anniversary of the date of grant, subject to acceleration under certain circumstances set forth in the applicable award agreement. In addition, based on the Committee s recommendation, in order to further align the long-term interests of the named executive officers with PBF Energy s stockholders, the Board granted restricted stock vesting over a period of four years, which will have value even in the absence of an

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increase in the stock price, under the 2017 Equity Incentive Plan to the named executive officers as follows: 80,000 shares to the CEO, 55,000 shares to the President, 52,500 shares to the CFO, 50,000 shares to our SVP-Commercial and 25,000 shares to the President Western Region.

2017 PBFX Phantom Units

The named executive officers are eligible to receive awards under the PBF Logistics LP 2014 Long-Term Incentive Plan, or the PBFX LTIP. Grants to the executive officers under the PBFX LTIP are determined by the independent directors of the general partner of PBF Logistics LP, which administers the PBFX LTIP and are reported to the Compensation Committee. In 2017, the CEO received 20,000 units, the President received 15,000 units and each of the CFO, SVP-Commercial and President Western Region received 12,500 units.

Other Equity Incentives

In addition, as discussed under Certain Relationships and Related Transactions Investments in PBF LLC, prior to PBF Energy s initial public offering, the named executive officers were provided certain opportunities to purchase PBF LLC Series A Units and warrants to purchase PBF LLC Series A Units, and were granted additional compensatory warrants to purchase PBF LLC Series A Units. Certain of the officers, including the named executive officers, were also issued PBF LLC Series B Units, which are profits interests in PBF LLC. See Certain Relationships and Related Transactions Summary of PBF LLC Series B Units.

Other Benefits

All executive officers, including the named executive officers, are eligible for other benefits including: medical, dental, short-term disability and life insurance. The executives participate in these plans on the same basis, terms and conditions as other administrative employees. In addition, PBF Energy provides long-term disability insurance coverage on behalf of the named executive officers at an amount equal to 65% of current base salary (up to $15,000 per month). The named executive officers also participate in its vacation, holiday and sick day program which provide paid leave during the year at various amounts based upon the executive s position and length of service.

Impact of Tax and Accounting Principles

The forms of PBF Energy s executive compensation are largely dictated by its capital structure and competition for talented and motivated senior executives, as well as the goal of aligning their interests with those of its stockholders. PBF Energy does take tax considerations into account, both to avoid tax disadvantages and to obtain tax advantages, where reasonably possible and consistent with its compensation goals (tax advantages for its executives benefit PBF Energy by reducing the overall compensation PBF Energy must pay to provide the same after-tax income to its executives), including the application of Sections 280G and 409A of the Code. Section 162(m) of the Code (as amended by the Tax Cut and Jobs Act of 2017) (Section 162(m)) imposes a $1,000,000 cap on federal income tax deductions for compensation paid to its chief executive officer, chief financial officer and to the three other most highly-paid executive officers or such other persons which may be deemed covered persons under Section 162(m) during any fiscal year. While the Compensation Committee has not adopted a formal policy regarding tax deductibility of compensation paid to the named executive officers, the Compensation Committee considers the tax treatment of compensation pursuant to Section 162(m) and other applicable rules in determining the amounts of compensation for the named executive officers. However, to retain highly skilled executives and remain competitive with other employers, the Compensation Committee retains the right to authorize compensation that would not be deductible under Section 162(m) or otherwise.

Pension and Other Retirement Benefits

Defined Contribution Plan. PBF Energy s defined contribution plan covers all employees, including the named executive officers. Employees are eligible to participate as of the first day of the month following 30 days of service. Participants can make basic contributions up to 50 percent of their annual salary subject to Internal Revenue Service limits. PBF Energy matches participants contributions at the rate of 200 percent of the first 3 percent of each participant s total basic contribution based on the participant s total annual salary. Employee contributions to the defined contribution plan are fully vested immediately. Its matching contributions to the defined contribution plan vest to the employee s account over time. Participants may receive distributions from the vested portion of their defined contribution plan accounts any time after they cease service with PBF Energy.

PBF Energy Pension Plan. PBF Energy sponsors a qualified defined benefit plan for all employees, including the named executive officers, with a policy to fund pension liabilities in accordance with the limits imposed by the Employee Retirement Income Security Act of 1974, or ERISA, and Federal income tax laws. Annual contributions are made to an individual employee s pension account based on their length of service with PBF Energy and base salary, up to certain limits imposed by Federal and state income tax laws. Employees become eligible to participate in the defined benefit plan after their first 30 days of employment and an employee s interest in their plan account vests after three years of employment, with the exception of certain circumstances.

PBF Energy Restoration Plan. PBF Energy sponsors a non-qualified plan for non-represented employees, including the named executive officers. Contributions, which are made at its discretion, are made to an individual employee s pension restoration account based on their total cash compensation over a defined period of time. Employees become eligible to participate in the non-qualified plan after their first 30 days of employment. Previously, with the exception of certain circumstances, an employee s interest in their plan account vested after one year of employment, however, in 2010, the vesting period was increased to three years. All of the named executive officers interests in their plan accounts are vested. Upon the attainment of age 65, an employee s pension restoration account vests immediately and is non-forfeitable.

COMPENSATION-RELATED POLICIES

Clawback Policies

All awards (and/or any amount received with respect to such awards) under PBF Energy s equity incentive plans are subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law, stock exchange listing requirements, or any recoupment policy of PBF Energy. In addition, the Compensation Committee may, in its sole discretion, specify in an award agreement that the grantee s rights, payments and benefits with respect to an award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an award. Such events may include, but shall not be limited to, termination of employment or services for cause, termination of the grantee s provision of services to PBF Energy or any of its subsidiaries, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the grantee, or restatement of PBF Energy s financial statements to reflect adverse results from those previously released financial statements as a consequence of errors, omissions, fraud, or misconduct. All stock options granted under its equity incentive plans are subject to restrictive covenants, the breach of which will result in the forfeiture of the awards. These restrictive covenants include requirements relating to non-competition for employees who are at a vice president level or higher, non-solicitation, non-disparagement and confidentiality. These provisions apply following an employee s termination or other separation.

Stock Ownership Guidelines

PBF Energy s Board, the Compensation Committee, and its executive officers recognize that ownership of Class A Common Stock is an effective means by which to align the interests of its directors and executive officers with those of its stockholders. PBF Energy has long emphasized the importance of stock ownership

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among its executive officers and directors. PBF Energy s stock ownership and retention guidelines for its directors and officers, as approved by the Compensation Committee are as follows:

Non-Employee Director Stock Ownership Guidelines. Non-employee directors are expected to acquire and hold during their service shares of its Class A Common Stock equal in value to at least three times the annual cash retainer paid to its directors. Directors have five years from their initial election to the Board to meet the target stock ownership guideline, and they are expected to continuously own sufficient shares to meet the guideline once attained.

Executive Stock Ownership Guidelines. Stock ownership guidelines for the officers are as follows:

Officer Position	Value of Shares Owned
Chief Executive Officer	5x Base Salary
President	3x Base Salary
Executive Vice Presidents	2x Base Salary
Senior Vice Presidents	1x Base Salary

The officers are expected to meet the applicable guideline within five years and are expected to continuously own sufficient shares to meet the guideline once attained. Until such time as the officer reaches his or her share ownership guideline, the officer will be required to hold 50% of the shares of Class A Common Stock received upon vesting, the lapse of restrictions and upon exercise of stock options, net of any shares utilized to pay for the exercise price and tax withholding. The full text of PBF Energy s stock ownership and retention guidelines is available on its website at *www.pbfenergy.com* under the Corporate Governance tab in the Investor Relations section.

2017 SUMMARY COMPENSATION TABLE

This Summary Compensation Table summarizes the total compensation paid or earned by each of the named executive officers.

Named Executive Officer	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Options Awards ($)(2)	Change in Pension Value And Nonqualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)(4)	Total ($)
Thomas J. Nimbley	2017	1,500,000	2,460,000	2,713,600	1,502,000	568,788	16,200	8,760,588
Chief Executive Officer	2016	1,500,000		2,007,400	910,000	625,769	15,900	5,059,069
	2015	1,066,667	2,666,667	2,212,200	1,942,500	98,678	15,900	8,002,612
C. Erik Young	2017	525,000	861,000	1,767,675	826,100	197,995	16,200	4,193,970
Senior Vice President,	2016	525,000		1,369,950	500,500	151,745	15,900	2,563,095
Chief Financial Officer	2015	400,000	1,000,000	1,534,600	932,400	40,615	15,900	3,923,515

Matthew C. Lucey	2017	600,000	984,000	1,891,850	901,200	318,368	16,200	4,711,618
President	2016	600,000		1,472,900	546,000	285,519	15,900	2,893,319
	2015	550,000	1,375,000	1,594,400	932,400		15,900	4,467,700
Thomas O Connor	2017	500,000	820,000	1,696,000	751,000	151,789	16,200	3,934,989
SVP-Commercial	2016	500,000		1,316,500	455,000	125,910	15,900	2,413,310
	2015	416,667	1,054,323	1,534,600	932,400	101,308	15,900	4,055,198
T. Paul Davis	2017	500,000	820,000	979,250	751,000	153,494	16,200	3,219,944
President Western Region	2016	500,000		675,100	777,000	212,135	15,900	1,532,250
	2015	425,000	1,062,500	299,000	777,000	61,507	15,900	2,640,907

(1) The amounts set forth in this column represent the grant date value of shares of restricted Class A Common Stock and phantom units of PBF Logistics LP which are subject to vesting in four equal installments beginning on the first anniversary of the date of grant. The amounts have been determined based on the assumptions set forth in Note 17 Stock-based Compensation to the PBF Energy Company LLC consolidated financial statements included elsewhere in this prospectus for the year ended December 31, 2017.

(2) The amounts set forth in this column represent the grant date fair value of options for the purchase of Class A Common Stock. The grant date fair value was calculated pursuant to FASB ASC Topic 718 based on the assumptions set forth in Note 17 Stock-based Compensation to the PBF Energy Company LLC consolidated financial statements included elsewhere in this prospectus for the year ended December 31, 2017.

(3) The amounts set forth in this column represent the aggregate change during the year in the actuarial present value of accumulated benefits under the PBF Energy Pension Plan and the PBF Energy Restoration Plan.

(4) The amounts set forth in this column consist of company matching contributions to the 401(k) Plan.

Grants of Plan-Based Equity Awards in 2017

The following table provides information regarding the grants of plan-based equity awards to each of the named executive officers for the fiscal year ended December 31, 2017.

Name	Grant Date	All Other Stock Awards: Number of Shares or Units (#)(1)	All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(3)
Thomas J. Nimbley	May 1, 2017	20,000			420,000
	October 30, 2017	80,000			2,293,600
	October 30, 2017		200,000	28.67	1,502,000
C. Erik Young	May 1, 2017	12,500			262,500
	October 30, 2017	52,500			1,505,175
	October 30, 2017		110,000	28.67	826,100
Matthew C. Lucey	May 1, 2017	15,000			315,000
	October 30, 2017	55,000			1,576,850
	October 30, 2017		120,000	28.67	901,200
Thomas O Connor	May 1, 2017	12,500			262,500
	October 30, 2017	50,000			1,433,500
	October 30, 2017		100,000	28.67	751,000
T. Paul Davis	May 1, 2017	12,500			262,500
	October 30, 2017	25,000			716,750
	October 30, 2017		100,000	28.67	751,000

(1) The amounts set forth in this column represent (a) the phantom units of PBF Logistics LP granted to the named executive officers under the PBFX LTIP with respect to May grants and (b) restricted stock of PBF Energy Inc. with respect to October grants.
(2) The amounts set forth in this column represent options to purchase Class A Common Stock granted to the named executive officers under the 2017 Equity Incentive Plan.
(3) The amounts set forth in this column represent the total grant date fair value of the phantom units of PBF Logistics LP, options to purchase Class A Common Stock or restricted stock for each of the named executive officers, calculated in accordance with FASB ASC Topic 718.

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Outstanding Equity Awards at 2017 Fiscal Year-End

The following table provides information regarding outstanding equity awards held by each of the named executive officers as of December 31, 2017. For a narrative discussion of the equity awards, see Equity Incentive Compensation above.

	Option Awards(1)				Equity Awards(2)	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**
Thomas J. Nimbley	50,000		$ 26.00	12/12/22	5,000(5)	104,750
	100,000		$ 38.70	02/19/23	7,500(5)	157,125
	100,000		$ 26.08	10/29/23	30,000(3)	1,063,500
	37,500	12,500(6)	$ 24.43	10/29/24	60,000(4)	2,127,000
	125,000	125,000(7)	$ 30.89	10/27/25	11,250(5)	235,688
	50,000	150,000(10)	$ 21.38	10/25/26	20,000(5)	419,000
		200,000(11)	$ 28.67	10/30/27	80,000(12)	2,836,000
C. Erik Young	2,000		$ 10.00	03/01/21	3,750(5)	78,563
	25,000		$ 12.55	06/29/22	6,250(5)	130,938
	20,000		$ 26.00	12/12/22	20,000(3)	709,000
	15,000	5,000(8)	$ 24.75	02/11/24	39,375(4)	1,395,844
	37,500	12,500(6)	$ 24.43	10/29/24	9,375(5)	196,406
	60,000	60,000(7)	$ 30.89	10/27/25	12,500(5)	261,875
	27,500	82,500(10)	$ 21.38	10/25/26	52,500(12)	1,861,125
		110,000(11)	$ 28.67	10/30/27		
Matthew C. Lucey	40,000		$ 26.00	12/12/22	5,000(5)	104,750
	37,500	12,500(8)	$ 24.75	02/11/24	7,500(5)	157,125
	37,500	12,500(6)	$ 24.43	10/29/24	20,000(3)	709,000
	60,000	60,000(7)	$ 30.89	10/27/25	41,250(4)	1,462,313
	30,000	90,000(10)	$ 21.38	10/25/26	11,250(5)	235,688
		120,000(11)	$ 28.67	10/30/27	15,000(5)	314,250
					55,000(12)	1,949,750
Thomas O Connor	37,500	12,500(9)	$ 27.39	09/04/24	3,750(5)	78,563
	37,500	12,500(6)	$ 24.43	10/29/24	6,250(5)	130,938
	60,000	60,000(7)	$ 30.89	10/27/25	20,000(3)	709,000
	25,000	75,000(10)	$ 21.38	10/25/26	37,500(4)	1,329,375
		100,000(11)	$ 28.67	10/30/27	9.375(5)	196,406
					12,500(5)	261,875
					50,000(12)	1,772,500
T. Paul Davis	25,000		$ 12.55	06/29/22	3,750(5)	78,563

	30,000		$ 26.00	12/12/22	6,250(5)	130,938
	50,000		$ 26.08	10/29/23	15,000(4)	531,750
	37,500	12,500(6)	$ 24.43	10/29/24	9,375(5)	196,046
	50,000	50,000(7)	$ 30.89	10/27/25	12,500(5)	261,875
	18,750	56,250(10)	$ 21.38	10/25/26	25,000(12)	886,250
		100,000(11)	$ 28.67	10/30/27		

(1) The awards described in this column represent compensatory warrants and options to purchase PBF LLC Series A Units and options to purchase Class A Common Stock as described in Compensation Discussion & Analysis.

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(2) The awards described in this column represent restricted Class A Common Stock and phantom units of PBF Logistics LP. The value is based on the closing price of $35.45 per share of Class A Common Stock on December 29, 2017 and the closing price of $20.95 per phantom unit which was the NYSE closing price of PBFX common units on December 29, 2017.
(3) This amount represents restricted shares of Class A Common Stock granted under the 2012 Equity Incentive Plan.
(4) This amount represents restricted shares of Class A Common Stock granted under the Amended and Restated 2012 Equity Incentive Plan.
(5) This amount represents phantom units of PBF Logistics LP granted under the PBFX LTIP.
(6) Represents options to purchase Class A Common Stock, which vest on October 29, 2018.
(7) Represents options to purchase Class A Common Stock, which vest in two equal annual installments beginning on October 27, 2018.
(8) Represents options to purchase Class A Common Stock, which vest on February 11, 2018.
(9) Represents options to purchase Class A Common Stock, which vest on September 4, 2018.
(10) Represents options to purchase Class A Common Stock, which vest in three equal annual installments beginning on October 25, 2018.
(11) Represents options to purchase Class A Common Stock, which vest in four equal annual installments beginning on October 30, 2018.
(12) This amount represents restricted shares of Class A Common Stock granted under the 2017 Equity Incentive Plan.

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Option Exercises and Stock Vested in 2017

The following table provides information regarding the amounts received by the named executive officers upon exercise of options or similar instruments or the vesting of stock or similar instruments during the fiscal year ended December 31, 2017. The table also includes information regarding the vesting of phantom units received by the named executive officers from PBF Logistics LP.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Thomas J. Nimbley			15,000(1)	421,050(1)
			20,000(2)	555,600(2)
			3,750(3)	77,813(3)
			3,750(4)	78,000(4)
			5,000(5)	101,000(5)
C. Erik Young			10,000(1)	280,700(1)
			13,125(2)	364,613(2)
			3,125(3)	64,844(3)
			3,125(4)	65,000(4)
			3,750(5)	75,750(5)
Matthew C. Lucey			10,000(1)	280,700(1)
			13,750(2)	381,975(2)
			3,750(3)	77,813(3)
			3,750(4)	78,000(4)
			5,000(5)	101,000(5)
Thomas O Connor			10,000(1)	280,700(1)
			12,500(2)	347,250(2)
			3,125(3)	64,844(3)
			3,125(4)	65,000(4)
			3,750(5)	81,938(5)
T. Paul Davis			5,000(2)	138,900(1)
			3,125(3)	64,844(3)
			3,125(4)	65,000(4)
			3,750(5)	75,750(5)

(1) These awards represent restricted shares of Class A Common Stock. The value is calculated based on the closing price of $28.07 per share of Class A Common Stock on the date of vesting.

(2) These awards represent restricted shares of Class A Common Stock. The value is calculated based on the closing price of $27.78 per share of Class A Common Stock on the date of vesting.

(3) These awards represent phantom units that were granted under the PBFX LTIP. The PBFX LTIP is a plan of PBF Logistics LP that is administered by its Board. The value is calculated based on the closing price of $20.75 per common unit of PBF Logistics LP on the date of vesting.

(4)

These awards represent phantom units that were granted under the PBFX LTIP. The value is calculated based on the closing price of $20.80 per common unit of PBF Logistics LP on the date of vesting.

(5) These awards represent phantom units that were granted under the PBFX LTIP. The value is calculated based on the closing price of $20.20 per common unit of PBF Logistics LP on the date of vesting.

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Pension Benefits

The following table provides information regarding the named executive officers participation in the pension plans as of and for the fiscal year ended December 31, 2017.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Thomas J. Nimbley	PBF Energy Pension Plan	7	251,104	
	PBF Energy Restoration Plan	7	2,476,935	
C. Erik Young	PBF Energy Pension Plan	7	177,403	
	PBF Energy Restoration Plan	7	487,468	
Matthew C. Lucey	PBF Energy Pension Plan	9	261,392	
	PBF Energy Restoration Plan	9	1,170,976	
Thomas O Connor	PBF Energy Pension Plan	4	79,919	
	PBF Energy Restoration Plan	4	306,088	
T. Paul Davis	PBF Energy Pension Plan	5	174,196	
	PBF Energy Restoration Plan	5	496,402	

The PBF Energy Pension Plan is a funded, tax-qualified, non-contributory defined benefit plan covering all employees. The PBF Energy Restoration Plan is a non-qualified defined benefit plan designed to supplement the pension benefits for employees that have earnings above the IRS benefit plan compensation limits. The Pension Plan and the Restoration Plan are structured as cash balance plans wherein each participant s account is credited monthly with an interest credit and annually with a pay credit. Changes in the value of these plans investments do not directly impact the benefit amounts promised to each participant under the plans.

At the end of each plan year, the Pension Plan provides for an annual pay credit equal to between 7% and 21% of pensionable earnings below the Social Security Wage Base and a pay credit of 14% on pensionable earnings above the Social Security Wage Base but below the Internal Revenue Service benefit plan compensation limit. The Restoration Plan provides for an annual pay credit equal to 14% on pensionable earnings in excess of Internal Revenue Service benefit plan compensation limits. In addition, on a monthly basis, the plans provide for an interest credit utilizing the prior year s October 30-year Treasury Constant Maturity rate. For 2017, the interest crediting rate was 2.88%. Normal retirement age under the plans is attained at age 65.

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Potential Payments upon Termination Occurring on December 31, 2017, Including in Connection With a Change in Control

The table below provides the best estimate of the amounts that would be payable (including the value of certain benefits) to each of the named executive officers had a termination hypothetically occurred on December 31, 2017 under various scenarios, including a termination of employment associated with a Change In Control. The table does not include payments or benefits under arrangements available on the same basis generally to all other eligible employees of PBF. The potential payments were determined under the terms of each named executive officer s employment agreement in effect on December 31, 2017, and in accordance with the plans and arrangements in effect on December 31, 2017. PBF Energy also retains the discretion to provide additional payments or benefits to any of the named executive officers upon any termination of employment or Change in Control. The estimates below exclude the value of any Accrued Rights, as described in footnote 1 below, as any such amounts have been assumed to have been paid current at the time of the termination event. Under the terms of a named executive officer s employment agreement, if applicable, the executive is precluded under certain circumstances from competing with PBF Energy for a period of six months post-termination, and must enter into a release of claims in order to receive the severance described below.

Named Executive Officer	Termination (a) for Cause, (b) without Good Reason or (c) due to non-renewal by the executive ($)(1)	Termination (other than in connection with a Change in Control), (a) without Cause (other than by reason of death or disability) by us, (b) for Good Reason or (c) due to non-renewal by us ($)(2)	Termination in connection with a Change in Control ($)(3)	Death or Disability ($)(4)
Thomas J. Nimbley				
Cash severance payment		2,250,000	4,485,000	750,000
Cash bonus (5)				1,950,000
Continuation of health benefits (6)		20,477	39,816	
Accelerated equity (7)		916,563	11,117,313	11,117,313
C. Erik Young				
Cash severance payment		787,500	1,569,750	262,500
Cash bonus (5)				682,500
Continuation of health benefits (6)		29,383	57,133	
Accelerated equity (7)		667,781	7,005,175	7,005,175
Matthew C. Lucey				
Cash severance payment		900,000	1,794,000	300,000
Cash bonus (5)				780,000

Continuation of health benefits (6)	30,296	58,908	
Accelerated equity (7)	811,813	7,557,875	7,557,875
Thomas O Connor			
Cash severance payment	750,000	1,495,000	250,000
Cash bonus			650,000
Continuation of health benefits (6)	30,296	58,908	
Accelerated equity (7)	667,781	6,724,006	6,724,006
T. Paul Davis			
Cash severance payment	750,000	1,495,000	250,000
Cash bonus (5)			650,000
Continuation of health benefits (6)	29,383	57,133	
Accelerated equity (7)	667,781	3,920,969	3,920,969

(1) *Termination for Cause, without Good Reason or due to non-renewal by the executive*. In the event the executive is terminated by PBF Energy for Cause, the executive terminates his employment without Good Reason or the executive does not renew his employment with PBF Energy at the end of his current term, the

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executive will be entitled to: (1) receive accrued, but unpaid salary through the date of termination; (2) receive any earned, but unpaid portion of the previous year s cash bonus; (3) receive unreimbursed business expenses; (4) receive applicable benefits; and (5) except in the event of a termination for Cause, exercise any vested options or similar awards in accordance with the terms of the long term incentive plan, or collectively, the Accrued Rights.

Good Reason as defined in the employment agreements means, without the executive s consent (A) the failure of the company to pay or cause to be paid the executive s base salary or cash bonus, if any, when due, (B) any adverse, substantial and sustained diminution in the executive s authority or responsibilities by the company from those described in the employment agreement, (C) the company requiring a change in the location for performance of the executive s employment responsibilities to a location more than 50 miles from the company s office (not including ordinary travel during the regular course of employment) or (D) any other action or inaction that constitutes a material breach by the company of the employment agreement; provided, that the events described in clauses (A), (B), (C) and (D) shall constitute Good Reason only if the company fails to cure such event within 20 days after receipt from the executive of written notice of the event which constitutes Good Reason ; provided, further, that Good Reason shall cease to exist for an event described in clauses (A), (B), (C) and (D) on the 90th day following the later of its occurrence or the executive s knowledge thereof, unless the executive has given the company written notice thereof prior to such date.

Cause as defined in the employment agreements includes the following: (A) the executive s continued willful failure to substantially perform his duties (other than as a result of a disability) for a period of 30 days following written notice by the company to the executive of such failure, (B) the executive s conviction of, or plea of nolo contendere to a crime constituting a misdemeanor involving moral turpitude or a felony, (C) the executive s willful malfeasance or willful misconduct in connection with the executive s duties under the employment agreement, including fraud or dishonesty against the company, or any of its affiliates, or any act or omission which is materially injurious to the financial condition or business reputation of the company, or any of its affiliates, other than an act or omission that was committed or omitted by the executive in the good faith belief that it was in the best interest of the company, (D) a breach of the executive s representations and warranties in such employment agreement, or (E) the executive s breach of the non-competition, non-solicitation, non-disparagement or non-disclosure provisions of the employment agreement.

(2) *Termination (other than in connection with a Change in Control as described below), without Cause (other than by reason of death or disability) by PBF Energy, for Good Reason or due to non-renewal by PBF Energy*. In the event the executive is terminated during the term of employment (other than in connection with a Change in Control as described in footnote (3) below), without Cause (other than by reason of death or disability) by PBF Energy, for Good Reason or due to non-renewal by PBF Energy, the executive will be entitled to: (1) the Accrued Rights; (2) a cash lump sum payment equal to 1.5 times base salary; and (3) the continuation of certain health benefits for 18 months.

(3) *Termination in connection with a Change in Control*. In the event the executive is terminated by PBF Energy without Cause (other than by reason of death or disability), resigns with Good Reason or PBF Energy elects not to renew the executive s employment term, in each case six months prior to or within one year subsequent to the consummation of a Change in Control, the executive will be entitled to: (1) the Accrued Rights; (2) a cash lump sum payment equal to 2.99 times the executive s salary in effect on the date of termination; (3) immediate vesting and exercisability of outstanding options or other grants under the long term incentive plans; and (4) the continuation of certain health benefits for two years and 11 months. A Change In Control as defined in the employment agreements means:

any person or group (as such terms are defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) (other than one or more of the Excluded Entities (as defined below)) is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (including by way of merger, consolidation or otherwise);

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the sale or disposition, in one or a series of related transactions, of all or substantially all of the assets of PBF Energy and the subsidiaries, taken as a whole, to any person or group (other than one or more of the Excluded Entities);

a merger, consolidation or reorganization (other than (x) with or into, as applicable, any of the Excluded Entities or (y) in which the stockholders, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, at least 50% of the combined voting power of the outstanding voting securities of the corporation resulting from such merger, consolidation or reorganization);

our complete liquidation or dissolution; or

other than as expressly provided for in the stockholders agreement with Blackstone and First Reserve, during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (together with any new directors whose election by such board or whose nomination for election was approved by a vote of a majority of the directors then still in office, who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) (the Incumbent Board) cease for any reason to constitute a majority of the Board then in office; provided that, any director appointed or elected to the Board to avoid or settle a threatened or actual proxy contest shall in no event be deemed to be an individual on the Incumbent Board.

For purposes of the definition of Change In Control, Excluded Entity means any of the following: (A) Blackstone; (B) First Reserve; (C) PBF Energy and any entities of which a majority of the voting power of its voting equity securities and equity interests is owned directly or indirectly by PBF Energy; and (D) any employee benefit plan (or trust forming a part thereof) sponsored or maintained by any of the foregoing.

(4) *Death or Disability*. In the event of death or disability, the named executive officer s estate or the executive, as applicable, will be entitled to receive: (1) the Accrued Rights; (2) a pro rata portion of the executive s target annual cash bonus for the year in which such death or disability occurs; and (3) a cash lump sum payment equal to the greater of (A) one-half of the executive s annual salary as in effect on the date of termination or (B) one-half of the aggregate amount of the executive s salary that the executive would have received had the full term of employment occurred under the employment agreement. The amounts shown in this column as the cash severance payment represent one-half of the executive s annual salary as of December 31, 2017. The actual amount payable upon death or disability could vary.

(5) These amounts are equal to the named executive officer s target annual cash bonus for 2017.

(6) The continued health benefits cost for each of Messrs. Nimbley, Lucey, Young, O Connor and Davis is, respectively, based on the cost for such benefits as of December 31, 2017.

(7)

In connection with a termination without cause by PBF Energy or for good reason by the executive or due to non-renewal by PBF Energy, these amounts reflect for all of the named executive officers the value of the accelerated vesting of the phantom units granted under the PBFX LTIP. In connection with a termination in connection with (a) a Change in Control or (b) in the event of Death or Disability or (c) by the executive or due to non-renewal by PBF Energy, these amounts reflect for (i) all of the named executive officers the value of the accelerated vesting and exercisability of their options to purchase Class A Common Stock and the accelerated vesting of the phantom units granted under the PBFX LTIP and (ii) the accelerated vesting of restricted stock awards.

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PRINCIPAL MEMBERS OF PBF LLC

The direct and indirect ownership of PBF Energy Company LLC as of December 31, 2017 is as follows:

PBF Energy is the sole managing member of, and owns 96.7% of the total economic interest in, PBF LLC through its ownership of 110,586,762 PBF LLC Series C Units;

PBF Energy s current and former executive officers and directors and certain employees and others (the members of PBF LLC other than PBF Energy) beneficially own 3.3% of the total economic interest of PBF LLC through their ownership of 3,767,464 PBF LLC Series A Units; and

PBF Energy s issued and outstanding shares of Class A common stock represents 96.7% of the voting power in PBF Energy. The members of PBF LLC other than PBF Energy, through their holdings of Class B common stock of PBF Energy, have 3.3% of the voting power in PBF Energy. The shares of Class B common stock of PBF Energy have no economic rights but entitle the holder, without regard to the number of shares of Class B common stock held, to a number of votes on matters presented to stockholders of PBF Energy that is equal to the aggregate number of PBF LLC Series A Units held by such holder.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS OF PBF LLC

Each of the related party transactions described below was negotiated on an arm s length basis. We believe that the terms of such agreements are as favorable as those we could have obtained from parties not related to us.

Investments in PBF LLC

Many of our named executive officers, one of PBF Energy s directors and certain other employees were provided with the opportunity prior to PBF Energy s IPO to purchase PBF LLC Series A Units and non-compensatory warrants to purchase PBF LLC Series A Units. The number of units and warrants offered for purchase were based upon the individual s position and other relevant factors, and approved by the board of directors of PBF LLC. The table below sets forth the number of PBF LLC Series A Units and non-compensatory warrants to purchase PBF LLC Series A Units purchased and the price paid therefore directly or indirectly by our named executive officers and one of the directors of PBF Energy since the beginning of fiscal year 2008 (without taking into account any PBF LLC Series A Units acquired at the time of PBF Energy s initial public offering upon exercise of the non-compensatory warrants).

Name	Aggregate Purchase Price ($)	Series A Units (#)	Non-Compensatory Warrants for the Purchase of Series A Units (1) (2) (#)
Thomas J. Nimbley Chief Executive Officer	2,250,000	225,000	300,000(3)
Matthew C. Lucey President	135,000	13,500	17,319(4)
C. Erik Young Senior Vice President, Chief Financial Officer	25,000	2,500	3,000(5)

(1) Each non-compensatory warrant for the purchase of PBF LLC Series A Units has an exercise price of $10.00 per unit and is immediately exercisable for a ten-year period.

(2) In connection with the purchase of PBF LLC Series A Units and warrants, compensatory warrants for the purchase of Series A Units were also granted to each of these persons. See Executive Compensation Outstanding Equity Awards at 2017 Fiscal Year-End.

(3) In connection with PBF Energy s IPO in 2012, Mr. Nimbley exercised all of his non-compensatory warrants to purchase an additional 300,000 PBF LLC Series A Units for cash at the $10.00 exercise price for an aggregate purchase price of $3,000,000.

(4) In connection with PBF Energy s IPO in 2012, Mr. Lucey exercised all of his non-compensatory warrants to purchase an additional 17,319 PBF LLC Series A Units for cash at the $10.00 exercise price for an aggregate purchase price of $173,190.

(5) In connection with PBF Energy s IPO in 2012, Mr. Young exercised all of his non-compensatory warrants to purchase an additional 3,000 PBF LLC Series A Units for cash at the $10.00 exercise price for an aggregate purchase price of $30,000.

PBF Energy s IPO Related Agreements

In connection with PBF Energy s IPO, PBF Energy entered into various agreements governing the relationship among PBF Energy, PBF LLC, Blackstone, First Reserve, our executive officers and certain of our directors and the other pre-IPO owners of PBF LLC. The following is a description of the material terms of these agreements, which description is qualified in its entirety by reference to the full text of the agreements which have been filed as exhibits to the registration statement of which this prospectus forms a part.

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PBF LLC Amended and Restated Limited Liability Company Agreement

In connection with PBF Energy s initial public offering, the limited liability company agreement of PBF LLC was amended and restated. The amended and restated limited liability company agreement established the PBF LLC Series C Units, which are held solely by PBF Energy and described further below, and provides that PBF Energy is the sole managing member of PBF LLC. Accordingly, PBF Energy controls all of the business and affairs of PBF LLC and its operating subsidiaries.

At December 31, 2017, PBF Energy owned 110,586,762 Series C Units and the remaining pre-IPO owners of PBF LLC owned 3,767,464 PBF LLC Series A Units. In addition, there are 1,000,000 PBF LLC Series B Units issued and outstanding, all of which are held by certain of PBF Energy s officers and a former officer. The PBF LLC Series B Units are profits interests which entitle the holders to participate in the profits of PBF LLC after the date of issuance. At December 31, 2017, certain of the pre-IPO owners of PBF LLC and other employees held options and warrants to purchase an additional 519,032 PBF LLC Series A Units at a weighted average exercise price of $10.70 per unit all of which were vested and exercisable.

Under the amended and restated limited liability company agreement of PBF LLC, the PBF LLC Series A Units are held solely by the pre-IPO owners of PBF LLC (and their permitted transferees) and the PBF LLC Series C Units are held solely by PBF Energy and rank on parity with the PBF LLC Series A Units as to distribution rights, voting rights and rights upon liquidation, dissolution or winding up. PBF Energy, as the managing member, has the right to determine the timing and amount of any distributions to be made to holders of PBF LLC Series A Units and PBF LLC Series C Units (other than tax distributions, as described below). Profits and losses of PBF LLC are allocated, and all distributions generally made, pro rata to the holders of PBF LLC Series A Units (subject, under certain circumstances described below, to the rights of the holders of PBF LLC Series B Units) and PBF LLC Series C Units. In addition, any PBF LLC Series A Units acquired by PBF Energy from the pre-IPO owners of PBF LLC, in accordance with the exchange agreement, are automatically, and without any further action, reclassified as PBF LLC Series C Units in connection with such acquisition.

The holders of limited liability company interests in PBF LLC, including PBF Energy, generally have to include for purposes of calculating their U.S. federal, state and local income taxes their share of any taxable income of PBF LLC. Taxable income of PBF LLC generally is allocated to the holders of units (including PBF Energy) pro rata in accordance with their respective share of the net profits and net losses of PBF LLC. In general, PBF LLC is required to make periodic tax distributions to the members of PBF LLC, including PBF Energy, pro rata in accordance with their respective percentage interests for such period (as determined under the amended and restated limited liability company agreement of PBF LLC), subject to available cash and applicable law and contractual restrictions (including pursuant to our debt instruments) and based on certain assumptions. Generally, these tax distributions will be an amount equal to PBF Energy s estimate of the taxable income of PBF LLC for the year multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses). If, with respect to any given calendar year, the aggregate periodic tax distributions were less than the actual taxable income of PBF LLC multiplied by the assumed tax rate, PBF LLC will make a true up tax distribution, no later than March 15 of the following year, equal to such difference, subject to the available cash and borrowings of PBF LLC.

The amended and restated limited liability company agreement of PBF LLC also provides that substantially all expenses incurred by or attributable to PBF Energy and PBF Energy s management of PBF LLC other than PBF Energy obligations under the tax receivable agreement, PBF Energy income tax expenses and payments on indebtedness incurred by PBF Energy are paid by PBF LLC.

Summary of PBF LLC Series B Units

The PBF LLC Series B Units are profits interests held by certain of our current and former officers which had no taxable value at the date of issuance, have no voting rights and are designed to increase in value only after

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PBF Energy s former sponsors achieve certain levels of return on their investment in PBF LLC Series A Units. Under the amended and restated limited liability company agreement of PBF LLC, distributions initially are made to the holders of PBF LLC Series A Units and PBF LLC Series C Units in proportion to the number of units owned by them. Once the sponsors receive a full return of their aggregate amount invested with respect to their PBF LLC Series A Units, distributions and other payments made on account of the PBF LLC Series A Units held by PBF Energy s former sponsors then will be shared by PBF Energy s former sponsors with the holders of PBF LLC Series B Units. Accordingly, the amounts paid to the holders of PBF LLC Series B Units will reduce only the amounts otherwise payable on account of the PBF LLC Series A Units held by PBF Energy s former sponsors, and will not reduce or otherwise impact any amounts payable to us (as the holder of PBF LLC Series C Units), the holders of PBF Energy s Class A Common Stock or any other holder of PBF LLC Series A Units. However, PBF Energy s consolidated statements of operations and comprehensive income (loss) reflect non-cash charges for compensation related to the PBF LLC Series B Units. As of March 4, 2018, there are 1,000,000 fully vested PBF LLC Series B Units issued and outstanding, which are held as follows: Thomas Nimbley 160,000 (16%); Matthew Lucey 60,000 (6%) and other current and former officers 780,000 (78%). All distributions to the holders of PBF LLC Series B Units will be made pro rata in accordance with their percentage interest. The amended and restated limited liability company agreement of PBF LLC provides that no holder of PBF LLC Series B Units was entitled to receive any distributions made by PBF LLC (other than certain tax distributions) until each of PBF Energy s former sponsors holding PBF LLC Series A Units received the aggregate amount invested for such PBF LLC Series A Units.

All amounts received, directly or indirectly, by PBF Energy s former sponsors and the holders of PBF LLC Series B Units (and each of their successors and permitted transferees) in connection with their holding of units, including amounts received upon the sale of, or as a result of the ownership of, shares of Class A Common Stock following an exchange of units pursuant to the exchange agreement, upon a transfer of units by PBF Energy s former sponsors to an unrelated third party or upon an in-kind distribution to their limited partners, pursuant to the tax receivable agreement or as a result of any assignment or transfer of any rights or entitlements thereunder, or otherwise as a result of such holder s ownership of PBF LLC Series A Units are treated as being distributed, and treated as a distribution, for purposes of determining the amounts payable to the holders of PBF LLC Series B Units. Any payments required to be made to the holders of PBF LLC Series B Units by PBF Energy s former sponsors shall be made in cash. Payments made to any of PBF Energy s former sponsors pursuant to the tax receivable agreement are taken into account for purposes of satisfying the applicable sharing thresholds of the holders of PBF LLC Series B Units under the amended and restated limited liability company agreement of PBF LLC. All distributions under the amended and restated limited liability company agreement are treated as being distributed in a single distribution. Accordingly, if multiple distributions are made, the holders of PBF LLC Series B Units are entitled to share in the distributions at the highest then applicable sharing percentage, and if such holders have received prior distributions at a lower sharing percentage, such holders are entitled to a priority catch-up distribution at the applicable higher sharing percentage before any further amounts are distributed to such holders of PBF LLC Series A Units. Any amounts received by holders of PBF LLC Series B Units as tax distributions made by PBF LLC are treated as an advance on and shall reduce further distributions to which such holder otherwise would be entitled to under the agreement.

If the employment of a holder of PBF LLC Series B Units is terminated by us for any reason other than due to death, disability or retirement, PBF Energy s former sponsors have the right to purchase for cash all or part of the holder s PBF LLC Series B Units for the fair market value of such units as of the purchase date. In addition, upon the death or disability of a holder of PBF LLC Series B Units, the holder (or his representatives) has the right to sell to PBF Energy s former sponsors, and PBF Energy s former sponsors are required to purchase (pro rata), all of the holder s PBF LLC Series B Units for the fair market value of such units as of the purchase date, with the purchase price payable, at the election of the purchaser, in cash or by delivery of PBF LLC Series A Units held by the purchaser.

As of June 12, 2013, each of Blackstone and First Reserve received the full return of its aggregate amount invested for its PBF LLC Series A Units. Since January 1, 2016, in connection with payments under PBF

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Energy s tax receivable agreement, the holders of PBF LLC Series B Units (in their capacity as such) received the following amounts: Thomas J. Nimbley $1.0 million; Matthew C. Lucey $0.4 million; and other current and former officers $4.8 million. In addition, the holders of PBF LLC Series B Units are entitled to certain payments in the future under the tax receivable agreement arising as a result of the prior exchanges by Blackstone and First Reserve.

Exchange Agreement

Pursuant to an exchange agreement, the pre-IPO owners of PBF LLC (and certain permitted assignees thereof and holders who acquire PBF LLC Series A Units upon the exercise of certain warrants) may from time to time (subject to the terms of the exchange agreement), cause PBF LLC to exchange their PBF LLC Series A Units for shares of PBF Energy s Class A Common Stock on a one-for-one basis, subject to equitable adjustments for stock splits, stock dividends and reclassifications, and further subject to the rights of the holders of PBF LLC Series B Units to share in a portion of the profits realized by PBF Energy s former sponsors upon the sale of the shares of PBF Energy s Class A Common Stock received by them upon such exchange. The exchange agreement also provides that, subject to certain exceptions, holders do not have the right to cause PBF LLC to exchange PBF LLC Series A Units if we determine that such exchange would be prohibited by law or regulation or would violate other agreements to which it may be subject, and that it may impose on exchange rights additional restrictions that PBF Energy determines to be necessary or advisable so that PBF LLC is not treated as a publicly traded partnership for United States federal income tax purposes. As a holder exchanges PBF LLC Series A Units, PBF Energy s interest in PBF LLC will be correspondingly increased.

Registration Rights Agreement

Pursuant to an amended and restated registration rights agreement with each of the pre-IPO owners of PBF LLC, PBF Energy has granted them and their affiliates and permitted transferees the right, under certain circumstances and subject to certain restrictions, to require PBF Energy to register under the Securities Act shares of PBF Energy s Class A Common Stock delivered in exchange for PBF LLC Series A Units or otherwise beneficially owned by them. Under the registration rights agreement, PBF Energy also agreed at PBF Energy s expense to make available a shelf registration statement to register the exchange by the remaining pre-IPO owners of PBF LLC of PBF LLC Series A Units for shares of PBF Energy s Class A Common Stock and the resale by them of shares of Class A Common Stock into the market from time to time. In addition, each of the pre-IPO owners of PBF LLC will have the ability to exercise certain piggyback registration rights in respect of shares of PBF Energy s Class A Common Stock held by them in connection with registered offerings requested by other registration rights holders or initiated by PBF Energy. PBF Energy currently has an effective shelf registration statement that initially covered the resale of up to 6,310,055 shares of PBF Energy s Class A Common Stock issued or issuable to holders of Series A LLC Units, which shares may be sold from time to time in the public markets.

Tax Receivable Agreement

The holders of PBF LLC Series A Units may from time to time (subject to the terms of the exchange agreement) cause PBF LLC to exchange their remaining PBF LLC Series A Units for shares of PBF Energy s Class A Common Stock on a one-for-one basis. PBF LLC (and each of its subsidiaries classified as a partnership for federal income tax purposes) have in effect an election under Section 754 of the Code effective for each taxable year in which an exchange of PBF LLC Series A Units for shares of PBF Energy s Class A Common Stock occurs. The purchase of PBF LLC Series A Units and exchanges of PBF LLC Series A Units for shares of Class A Common Stock have resulted, and are expected to result, with respect to PBF Energy in increases, that otherwise would not have been available, in the tax basis of the assets of PBF LLC. These increases in tax basis have reduced the amount of tax that PBF Energy would have otherwise been required to pay, and may reduce such tax in the future. These increases in tax basis may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets.

PBF Energy entered into a tax receivable agreement with the holders of PBF LLC Series A Units and PBF LLC Series B Units (and certain permitted assignees thereof and holders who acquire PBF LLC Series A Units upon the exercise of certain warrants) that provides for the payment from time to time by PBF Energy to such persons of 85% of the amount of the benefits, if any, that PBF Energy is deemed to realize as a result of (i) these increases in tax basis and (ii) certain other tax benefits related to PBF Energy entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. These payment obligations are obligations of PBF Energy and not of PBF LLC, or any of its subsidiaries.

For purposes of the tax receivable agreement, subject to certain exceptions noted below, the benefit deemed realized by PBF Energy generally is computed by comparing the actual income tax liability of PBF Energy (calculated with certain assumptions) to the amount of such taxes that PBF Energy would have been required to pay had there been no increase to the tax basis of the assets of PBF LLC as a result of the purchase or exchanges of PBF LLC Series A Units and had PBF Energy not derived any tax benefits in respect of payments made under the tax receivable agreement. The term of the tax receivable agreement continues until all such tax benefits have been utilized or expired, unless (i) certain changes of control occur as described below, (ii) PBF Energy exercises its right to terminate the tax receivable agreement for an amount based on the agreed payments remaining to be made under the agreement or (iii) PBF Energy breaches any of its material obligations under the tax receivable agreement in which case all obligations will generally be accelerated and due as if PBF Energy had exercised its right to terminate the agreement. Estimating the amount of payments that may be made under the tax receivable agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The actual increase in tax basis, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including:

- the timing of any subsequent exchanges of PBF LLC Series A Units for instance, the increase in any tax deductions will vary depending on the fair value, which may fluctuate over time, of the depreciable or amortizable assets of PBF LLC at the time of each exchange;

- the price of shares of PBF Energy s Class A Common Stock at the time of the exchange the increase in any tax deductions, as well as the tax basis increase in other assets, of PBF LLC is affected by the price of shares of PBF Energy s Class A Common Stock at the time of the exchange;

- the extent to which such exchanges are taxable if an exchange is not taxable for any reason, increased deductions will not be available; and

- the amount and timing of PBF Energy s income PBF Energy generally will be required to pay 85% of the deemed benefits as and when deemed realized.

The amount and timing of PBF Energy s taxable income, which will affect the amount and timing of the realization of tax benefits that are subject to the tax receivable agreement, depend on numerous factors. For example, if 50% or more of the capital and profits interests in PBF LLC are transferred in a taxable sale or exchange within a period of 12 consecutive months, PBF LLC will undergo, for federal income tax purposes, a technical termination that could affect the amount of PBF LLC s taxable income in any year and the allocation of taxable income among the members of PBF LLC, including PBF Energy. If PBF Energy does not have taxable income, PBF Energy generally is not required (absent a change of control or circumstances requiring an early termination payment) to make payments under the tax receivable agreement for that taxable year because no benefit will have been actually realized. However, any tax benefits that do not result in realized benefits in a given tax year will likely generate tax attributes that may be utilized to generate benefits in previous or future tax years. The utilization of such tax attributes will result in payments under the tax receivable agreement.

PBF Energy expects that the payments that it may make under the tax receivable agreement will be substantial. As of December 31, 2017, PBF Energy has recognized a liability for the tax receivable agreement of $362.1 million reflecting its estimate of the undiscounted amounts that it expects to pay under the agreement due to exchanges that occurred prior to that date, and to range over the next five years from approximately $30.0 million to $65.0 million per year and decline thereafter. Future payments under the agreement by PBF

Energy in respect of subsequent exchanges would be in addition to these amounts and are expected to be substantial. The foregoing numbers are merely estimates the actual payments could differ materially. It is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding tax receivable agreement payments. There may be a material negative effect on PBF Energy s liquidity if, as a result of timing discrepancies or otherwise, (a) the payments under the tax receivable agreement exceed the actual benefits PBF Energy realizes in respect of the tax attributes subject to the tax receivable agreement and/or (b) distributions to PBF Energy by PBF LLC are not sufficient to permit PBF Energy to make payments under the tax receivable agreement after PBF Energy has paid its taxes and other obligations. In this regard, the tax receivable agreement gives PBF Energy some flexibility to defer certain payment obligations that are in excess of its then available cash, but the period of any such deferral under the tax receivable agreement may not exceed two years. Such deferred payments would accrue interest at a rate of LIBOR plus 150 basis points. The payments under the tax receivable agreement are not conditioned upon any persons continued ownership of PBF Energy.

In certain instances, as described in the following paragraph, payments under the tax receivable agreement may be accelerated and/or significantly exceed the actual benefits realized in respect of the tax attributes subject to the tax receivable agreement.

The tax receivable agreement provides that upon certain changes of control, or if, at any time, PBF Energy elects an early termination of the tax receivable agreement (or defaults in its obligations thereunder), PBF Energy s (or its successor s) obligations with respect to exchanged or acquired PBF LLC Series A Units (whether exchanged or acquired before or after such transaction) would be based on certain assumptions, including that (i) PBF Energy would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement and (ii) that the subsidiaries of PBF LLC will sell certain nonamortizable assets (and realize certain related tax benefits) no later than a specified date. Moreover, in each of these instances, PBF Energy would be required to make an immediate payment equal to the present value (at a discount rate equal to LIBOR plus 100 basis points) of the anticipated future tax benefits (based on the foregoing assumptions). Accordingly, payments under the tax receivable agreement may be made years in advance of the actual realization, if any, of the anticipated future tax benefits and may be significantly greater than the actual benefits PBF Energy realizes in respect of the tax attributes subject to the tax receivable agreement. Assuming that the market value of a share of Class A Common Stock of PBF Energy were to be equal to $35.45, the closing price on December 29, 2017, and that LIBOR were to be 1.85%, PBF Energy estimates that the aggregate amount of these accelerated payments would have been approximately $357.1 million if triggered on such date. In these situations, PBF Energy s obligations under the tax receivable agreement could have a substantial negative impact on its liquidity and there is no assurance that it will be able to finance these obligations.

Moreover, payments under the tax receivable agreement will be based on tax reporting positions determined in accordance with the tax receivable agreement. PBF Energy will not be reimbursed for any payments previously made under the tax receivable agreement if the Internal Revenue Service subsequently disallows part or all of the tax benefits that gave rise to such prior payments. As a result, in certain circumstances, payments could be made under the tax receivable agreement that are significantly in excess of the benefits that PBF Energy actually realizes in respect of (i) the increases in tax basis resulting from its purchases or exchanges of PBF LLC Series A Units and (ii) certain other tax benefits related to its entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement.

Decisions made by the pre-IPO owners of PBF LLC in the course of running PBF Energy s business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments required to be made under the tax receivable agreement. For example, the earlier disposition of assets following an exchange or acquisition transaction will generally accelerate payments under the tax receivable agreement and increase the present value of such payments, and the disposition of assets before an exchange or acquisition transaction will increase the tax liability of the pre-IPO owners of PBF LLC without giving rise to any obligations to make payments under the tax receivable agreement.

Payments are generally due under the tax receivable agreement within a specified period of time following the filing of PBF Energy s tax return for the taxable year with respect to which the payment obligation arises, although interest on such payments will begin to accrue at a rate of LIBOR plus 50 basis points from the due date (without extensions) of such tax return. However, PBF Energy may defer payments under the tax receivable agreement to the extent it does not have available cash to satisfy its payment obligations under the tax receivable agreement as described above.

As described above, payment obligations to the holders of PBF LLC Series A Units and PBF LLC Series B Units under the tax receivable agreement are obligations of PBF Energy and not obligations of PBF LLC, PBFX, PBF Holding or any other subsidiary. However, because PBF Energy is a holding company with no operations of its own, its ability to make payments under the tax receivable agreement is dependent on its subsidiaries ability to make future distributions. For example, specific provisions in the indenture governing the Senior Notes issued by PBF Holding are expected to permit PBF Holding to make distributions that include amounts sufficient to allow PBF Energy to make on-going payments under the tax receivable agreement and to make an accelerated payment in the event of a change of control (however, the indenture permits a distribution on account of such a change of control only so long as PBF Holding offers to purchase all of the notes outstanding at a price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon). PBF Energy expects to obtain funding for its on-going payments under the tax receivable agreement by causing PBF Holding to make cash distributions to PBF LLC under the relevant provisions of the indenture, and PBF LLC will, in turn, distribute such amounts, generally as tax distributions, on a pro rata basis to its owners. If PBF Energy s share of the distributions received through these specific provisions of the indenture are insufficient to satisfy its obligations under the tax receivable agreement, it may cause PBF LLC, which in turn will cause PBF Holding, to make distributions in accordance with other provisions of the indenture in order to satisfy such obligations. PBF LLC is also required to include in taxable income PBF LLC s allocable share of PBFX s taxable income and gains (such share to be determined pursuant to the partnership agreement of PBFX), regardless of the amount of cash distributions received by PBF LLC from PBF Logistics, and such taxable income and gains will flow-through to PBF Energy to the extent of its allocable share of the taxable income and gains of PBF LLC. As a result, at certain times, including during the subordination period for the PBFX subordinated units, the amount of cash otherwise ultimately available to PBF Energy on account of its indirect interest in PBFX may not be sufficient for PBF Energy to pay the amount of taxes it will owe on account of its indirect interests in PBFX. Based on our estimates of PBF Energy s obligations under the tax receivable agreement as described above, the amount of distributions on account of PBF Energy s obligations under the tax receivable agreement are expected to be substantial.

Relationship with PBF Logistics LP

On May 14, 2014, PBF Logistics LP completed its initial public offering. As of March 12, 2018, PBF LLC held a 44.1% limited partner interest (consisting of 18,459,497 common units) in PBFX, with the remaining 55.9% limited partner interest held by the public unit holders. PBF LLC also owns all of the incentive distribution rights and indirectly owns a non-economic general partner interest in PBF Logistics LP, through its wholly-owned subsidiarity, PBF Logistics GP, the general partner of PBF Logistics LP. PBF Energy, through its ownership of PBF LLC, consolidates the financial results of PBF Logistics LP and its subsidiaries and records a noncontrolling interest in its consolidated financial statements representing the economic interest of the unit holders of PBF Logistics LP other than PBF LLC. PBF Logistics LP s revenues are generated from agreements it has with PBF and its subsidiaries for services rendered to the refining business. PBF Logistics LP generates a limited amount of third party revenue and therefore intersegment related revenues are eliminated in consolidation by PBF Energy.

Statement of Policy Regarding Transactions with Related Persons

All related person transactions will be approved by PBF Energy s Board of Directors, which has adopted a written policy that applies to transactions with related persons. For purposes of the policy, related person transactions include transactions, arrangements or relationships involving amounts greater than $120,000 in the aggregate in which we are a participant and a related person has a direct or indirect material interest. Related persons are deemed to include directors, director nominees, executive officers, owners of more than five percent of PBF Energy s common stock, or an immediate family member of the preceding group. The policy provides that PBF Energy s Audit Committee will be responsible for the review and approval or ratification of all related-person transactions.

PBF Energy s Audit Committee will review the material facts of all related person transactions that require the committee s approval and either approve or disapprove of the entry into the related person transaction, subject to certain exceptions described below. The policy prohibits any of PBF Energy s directors from participating in any discussion or approval of a related person transaction for which such director is a related person, except that such director is required to provide all material information concerning the interested transaction to the committee. As part of its review and approval of a related person transaction, PBF Energy s Audit Committee will consider whether the transaction is made on terms no less favorable than terms that would be generally available to an unaffiliated third-party under the same or similar circumstances, the extent of the related-person s interest in the transaction and any other matters the committee deems appropriate.

PBF Energy s related person transactions policy does not apply to: (1) employment of executive officers if the compensation is disclosed in PBF Energy s proxy statement or approved by the Compensation Committee; (2) director compensation that is disclosed in PBF Energy s proxy statement; (3) pro rata payments arising solely from the ownership of PBF Energy s equity securities; (4) certain indebtedness arising from ordinary course transactions or with owners of more than five percent of PBF Energy s Class A common stock; (5) transactions where the rates or charges are determined by competitive bids; (6) certain charitable contributions; (7) regulated transactions; and (8) certain financial services.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of the material federal income tax considerations relevant to the exchange of old notes for new notes pursuant to the exchange offer, but does not purport to be a complete analysis of all potential tax effects. The discussion is based upon the Internal Revenue Code of 1986, as amended, regulations, rulings and judicial decisions as of the date hereof. These authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. Some holders (including financial institutions, insurance companies, regulated investment companies, tax-exempt organizations, dealers in securities, persons whose functional currency is not the United States dollar, or persons who hold the notes as part of a hedge, straddle, integrated transaction or similar transaction) may be subject to special rules not discussed below. **We recommend that each holder consult its own tax advisor as to the particular tax consequences of exchanging such holder s old notes for new notes, including the applicability and effect of any foreign, state, local or other tax laws, tax treaties and estate or gift tax considerations.**

Subject to the limitations, qualifications and assumptions set forth in the registration statement of which this prospectus forms a part (including Exhibit 8.1 thereto), it is the opinion of Kramer Levin Naftalis & Frankel LLP that the exchange of old notes for new notes pursuant to the exchange offer will not be a taxable event to a holder for United States federal income tax purposes. Accordingly, a holder will not recognize gain or loss for United States federal income tax purposes upon receipt of a new note pursuant to the exchange offer, the holder s holding period in the new note will include the holding period of the old note exchanged therefor, and the holder s basis in the new note will be the same as its basis in the corresponding old note immediately before the exchange.

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CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the notes (and the exchange of old notes for new notes) by employee benefit plans that are subject to the fiduciary responsibility requirements of Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other plans that are not subject to Title I of ERISA or Section 4975 of the Code but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, Similar Laws), and entities whose underlying assets are considered to include plan assets of any such plan, account or arrangement (each, a Plan).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an ERISA Plan) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes (or the exchange of old notes for new notes) with a portion of the assets of any Plan, a fiduciary should determine whether the purchase and holding of a new note is consistent with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Each Plan should consider the fact that none of the issuers, the initial purchasers nor any of their respective affiliates (the Transaction Parties) will act as a fiduciary to any Plan with respect to the decision to acquire new notes and is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, with respect to such decision. The decision to acquire new notes must be made by each prospective Plan purchaser on an arm s length basis. In addition, each ERISA Plan acquiring new notes must generally be represented by a fiduciary independent of the Transaction Parties (which may not be an owner of, or a relative of an owner of, an IRA, in the case of an investor that is an IRA) that (i) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the new notes, (ii) has exercised independent judgment in evaluating whether to invest the assets of such ERISA Plan in the new notes and (iii) is a bank regulated by the United States or any State, an insurance carrier licensed by more than one State to manage the assets of ERISA Plans, a U.S. registered investment adviser, a U.S. registered broker-dealer or an independent fiduciary with at least $50 million of assets under management or control.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of notes (including the exchange of old notes for new notes) by an ERISA Plan with respect to which any of the issuers, the guarantors or any of their respective affiliates is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the United States Department of Labor has issued prohibited transaction class exemptions, or PTCEs, that may apply to provide exemptive relief for direct or indirect prohibited transactions arising in connection with the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions directed by independent qualified professional asset managers, PTCE 90-1 respecting investments by insurance company pooled separate accounts, PTCE 91-38 respecting investments by bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions directed by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code each provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. Each of these exemptions contains conditions and limitations on its application. Thus, the fiduciaries of a Plan that is considering acquiring and/or holding the new notes in reliance on any of these, or any other, exemptions should carefully review the exemptions and consult with their counsel to confirm that it is applicable. There can be no, and we do not provide any, assurance that all of the conditions of any of these, or any other, exemptions will be satisfied.

Because of the foregoing, the new notes should not be purchased or held by any person investing plan assets of any Plan, unless such purchase and holding (and the exchange of old notes for new notes) will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

Representation

Accordingly, by its purchase and acceptance of a new note (or any interest therein) (including an exchange of old notes for new notes), each purchaser and subsequent transferee of a new note (or any interest therein) will be deemed to have represented and warranted by its purchase and holding of notes that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the notes (or any interest therein) constitutes assets of any Plan or (ii) the purchase and holding of the notes (or any interest therein) by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws, and if it is an ERISA Plan, the decision to acquire and hold the new notes (or any interest therein) has been made by a duly authorized fiduciary (each, a Plan Fiduciary) who is independent of the Transaction Parties, which Plan Fiduciary (A) is a fiduciary under ERISA or the Code, or both, with respect to the decision to acquire and hold the new notes, (B) is not an IRA owner or a relative of an IRA owner (in the case of an IRA), (C) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the new notes, (D) has exercised independent judgment in evaluating whether to invest the adviser, a U.S. registered broker-dealer, a bank regulated by the United States or any State, or an insurance company licensed by more than one State to manage the assets of ERISA Plans or an independent fiduciary with at least $50 million of assets under management or control as specified in 29 C.F.R. Section 2510.3-21(c)(1)(i).

The foregoing discussion is general in nature and is not intended to be all inclusive, nor should it be construed as legal advice. Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing or holding the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such transactions and whether an exemption would be applicable to the purchase and holding of the notes. The sale of a note to a Plan is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

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PLAN OF DISTRIBUTION

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until , all dealers effecting transactions in the new notes may be required to deliver a prospectus.

We will not receive any proceeds from any sale of new notes by broker-dealers. New notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the new notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such new notes. Any broker-dealer that resells new notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such new notes may be deemed to be an underwriter within the meaning of the Securities Act and any profit on any such resale of new notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letters of transmittal state that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

For a period of 180 days after the expiration date we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal.

We have agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the holders of the notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

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LEGAL MATTERS

The validity and enforceability of the new notes and the related guarantees offered in this exchange offer will be passed upon for us by Kramer Levin Naftalis & Frankel LLP, New York, New York.

EXPERTS

The consolidated financial statements of PBF Logistics LP and subsidiaries, incorporated in this prospectus by reference from PBF Logistics LP s Annual Report on Form 10-K for the year ended December 31, 2017, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Torrance Valley Pipeline Company LLC, incorporated in this prospectus by reference from PBF Logistics LP s Annual Report on Form 10-K for the year ended December 31, 2017, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of PBF Energy Company LLC and subsidiaries, included in this prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the consolidated financial statements and includes an emphasis of a matter paragraph referring to the limited guarantee of collection of the principal amount provided by PBF Energy Company LLC for PBF Logistics LP s 6.875% Senior Notes due 2023). Such consolidated financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To PBF Energy Inc., the Managing Member of

PBF Energy Company LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PBF Energy Company LLC and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on the Company s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of a Matter

As discussed in Note 9 to the consolidated financial statements, PBF Energy Company LLC has provided a limited guarantee of collection of the principal amount of PBF Logistics LP s 6.875% Senior Notes due 2023.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey

March 12, 2018

We have served as the Company s auditor since 2011.

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PBF ENERGY COMPANY LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except unit data)

	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents (PBFX: $19,664 and $64,221, respectively)	$ 562,036	$ 734,962
Accounts receivable	952,552	620,175
Inventories	2,213,797	1,863,560
Marketable securities current (PBFX: $0 and $40,024, respectively)		40,024
Prepaid and other current assets	51,799	41,998
Total current assets	3,780,184	3,300,719
Property, plant and equipment, net (PBFX: $673,823 and $608,802, respectively)	3,479,213	3,328,770
Deferred charges and other assets, net	779,588	504,003
Total assets	$ 8,038,985	$ 7,133,492
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 578,551	$ 535,877
Accrued expenses	1,824,394	1,478,246
Deferred revenue	8,933	13,292
Note payable	5,621	
Current debt (PBFX: $0 and $39,664, respectively)	10,987	39,664
Total current liabilities	2,428,486	2,067,079
Long-term debt (PBFX: $548,793 and $532,011, respectively)	2,175,042	2,108,570
Intercompany note payable	292,844	190,093
Deferred tax liabilities	33,155	45,699
Other long-term liabilities	225,845	229,121
Total liabilities	5,155,372	4,640,562
Commitments and contingencies (Note 14)		
Series B Units, 1,000,000 issued and outstanding, no par or stated value	5,110	5,110
Equity:		
Series A Units, 3,767,464 and 3,920,902 issued and outstanding, as of December 31, 2017 and 2016, no par or stated value	40,058	42,963
Series C Units, 110,586,762 and 109,204,047 issued and outstanding, as of December 31, 2017 and 2016, no par or stated value	1,654,999	1,630,136
Treasury stock, at cost	(152,585)	(151,547)

Retained earnings	906,875	545,261
Accumulated other comprehensive loss	(26,936)	(25,962)
Total PBF Energy Company LLC equity	2,422,411	2,040,851
Noncontrolling interest	456,092	446,969
Total equity	2,878,503	2,487,820
Total liabilities, Series B units and equity	$ 8,038,985	$ 7,133,492

See notes to consolidated financial statements.

PBF ENERGY COMPANY LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
Revenues	$ 21,786,637	$ 15,920,424	$ 13,123,929
Cost and expenses:			
Cost of products and other	18,863,621	13,598,341	11,481,614
Operating expenses (excluding depreciation and amortization expense as reflected below)	1,685,611	1,423,198	904,525
Depreciation and amortization expense	277,992	216,341	187,729
Cost of sales	20,827,224	15,237,880	12,573,868
General and administrative expenses (excluding depreciation and amortization expense as reflected below)	214,448	166,252	180,310
Depreciation and amortization expense	12,964	5,835	9,688
Loss (gain) on sale of assets	1,458	11,374	(1,004)
Total cost and expenses	21,056,094	15,421,341	12,762,862
Income from operations	730,543	499,083	361,067
Other income (expense)			
Change in fair value of catalyst leases	(2,247)	1,422	10,184
Debt extinguishment costs	(25,451)		
Interest expense, net	(162,383)	(155,819)	(109,411)
Income before income taxes	540,462	344,686	261,840
Income tax (benefit) expense	(10,783)	23,689	648
Net income	551,245	320,997	261,192
Less: net income attributable to noncontrolling interests	51,168	40,109	34,880
Net income attributable to PBF Energy Company LLC	$ 500,077	$ 280,888	$ 226,312

See notes to consolidated financial statements.

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PBF ENERGY COMPANY LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
Net income	$ 551,245	$ 320,997	$ 261,192
Other comprehensive (loss) income:			
Unrealized (loss) gain on available for sale securities	(24)	(42)	124
Net (loss) gain on pension and other post-retirement benefits	(950)	(2,550)	1,982
Total other comprehensive (loss) income	(974)	(2,592)	2,106
Comprehensive income	550,271	318,405	263,298
Less: Comprehensive income attributable to noncontrolling interests	51,168	40,109	34,880
Comprehensive income attributable to PBF Energy Company LLC	$ 499,103	$ 278,296	$ 228,418

See notes to consolidated financial statements.

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PBF ENERGY COMPANY LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands, except unit data)

	Series A		Series C		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interest	Treasury Stock	Total Members Equity
	Units	Amount	Units	Amount					
Balance, anuary 1, 2015	9,170,696	$ 91,179	81,981,119	$ 865,954	$ (26,876)	$ 528,942	$ 336,369	$ (142,731)	$ 1,652,837
Comprehensive ncome					2,106	226,312	34,880		263,298
Exercise of Series A warrants and options	148,493	(2,707)	12,766	2,797					90
Exchange of Series A units for PBF Energy Class A common stock	(529,178)		529,178						
Purchase of Series C units n connection with the October 2015 Equity Offering			11,500,000	345,000					345,000
Distribution to members						(350,658)	(23,458)		(374,116)
ssuance of additional PBFX common units		636		10,754			(11,390)		
Reclassification of Series A units in connection with secondary public offering of PBF Energy nc.	(3,804,653)	(38,047)	3,804,653	38,047					
Stock based compensation			238,988	9,218			4,279		13,497

Noncontrolling interest acquired in Chalmette Acquisition							16,951		16,951
Treasury stock purchases			(284,771)					(8,073)	(8,073)
Other							(89)		(89)
Balance, December 31, 2015	4,985,358	51,061	97,781,933	1,271,770	(24,770)	404,596	357,542	(150,804)	1,909,395
Comprehensive income					(2,592)	280,888	40,109		318,405
Exercise of Series A warrants and options	25,550	(8,173)	11,650	8,001					(172)
Exchange of Series A units for PBF Energy Class A common stock	(1,090,006)		1,090,006	1,058					1,058
December equity offering			10,000,000	275,300					275,300
Distribution to members						(139,433)	(33,714)		(173,147)
Effects of issuance of additional PBFX common units				54,944			83,434		138,378
Grant of restricted shares			320,458	743					743
Stock based compensation				18,296			4,360		22,656
Treasury stock purchases								(743)	(743)
Other		75		24	1,400	(790)	(4,762)		(4,053)
Balance, December 31, 2016	3,920,902	$ 42,963	109,204,047	$ 1,630,136	$ (25,962)	$ 545,261	$ 446,969	$ (151,547)	$ 2,487,820

See notes to consolidated financial statements.

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PBF ENERGY COMPANY LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

(in thousands, except unit data)

	Series A		Series C		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interest	Treasury Stock	Total Members Equity
	Units	Amount	Units	Amount					
Balance, December 31, 2016	3,920,902	$ 42,963	109,204,047	$ 1,630,136	$ (25,962)	$ 545,261	$ 446,969	$ (151,547)	$ 2,487,820
Comprehensive Income					(974)	500,077	51,168		550,271
Exercise of Series A warrants and options	64,373	(598)	462,500						(598)
Exchange of Series A units for PBF Energy Class A common stock	(217,811)	(2,307)	217,811	2,307					
Distribution to members						(136,367)	(46,436)		(182,803)
Grant of restricted shares			702,404	1,038					1,038
Stock based compensation				21,503			5,345		26,848
Treasury stock purchases								(1,038)	(1,038)
Other				15		(2,096)	(954)		(3,035)
Balance, December 31, 2017	3,767,464	$ 40,058	110,586,762	$ 1,654,999	$ (26,936)	$ 906,875	$ 456,092	$ (152,585)	$ 2,878,503

See notes to consolidated financial statements.

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PBF ENERGY COMPANY LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
Cash flows from operating activities:			
Net income	$ 551,245	$ 320,997	$ 261,192
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	299,860	232,948	207,004
Stock-based compensation	26,848	22,656	13,497
Change in fair value of catalyst leases	2,247	(1,422)	(10,184)
Deferred income taxes	(12,526)	19,802	
Non-cash change in inventory repurchase obligations	13,779	29,453	63,389
Non-cash lower of cost or market inventory adjustment	(295,532)	(521,348)	427,226
Debt extinguishment costs	25,451		
Pension and other post-retirement benefit costs	42,242	37,986	26,982
Loss (gain) on sale of assets	1,458	11,374	(1,004)
Changes in operating assets and liabilities:			
Accounts receivable	(332,377)	(165,416)	97,636
Inventories	(54,705)	236,602	(271,892)
Prepaid and other current assets	(9,908)	15,072	(18,298)
Accounts payable	34,634	217,536	(24,291)
Accrued expenses	358,527	222,805	(34,018)
Deferred revenue	(4,359)	9,249	2,816
Other assets and liabilities	(52,915)	(18,322)	(36,791)
Net cash provided by operations	593,969	669,972	703,264
Cash flows from investing activities:			
Acquisition of Torrance refinery and related logistics assets		(971,932)	
Acquisition of Chalmette Refining, net of cash acquired		(2,659)	(565,304)
Expenditures for property, plant and equipment	(306,681)	(298,737)	(353,964)
Expenditures for deferred turnaround costs	(379,114)	(198,664)	(53,576)
Expenditures for other assets	(31,143)	(42,506)	(8,236)
Acquisition of Toledo Products Terminal by PBFX	(10,097)		
PBFX Plains Asset Purchase		(98,373)	
Proceeds from sale of assets		24,692	168,270
Purchase of marketable securities	(75,036)	(1,909,965)	(2,067,286)
Maturities of marketable securities	115,060	2,104,209	2,067,983
Net cash used in investing activities	$ (687,011)	$ (1,393,935)	$ (812,113)

See notes to consolidated financial statements.

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PBF ENERGY COMPANY LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(in thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
Cash flows from financing activities:			
Proceeds from sale of PBF LLC Series C units, net of underwriters discount and commissions	$	$ 275,300	$ 345,000
Proceeds from issuance of PBF Logistics LP common units, net of underwriters discount and commissions		138,378	
Distribution to T&M and Collins shareholders	(1,800)		
Distributions to PBF Logistics LP public unitholders	(43,510)	(32,806)	(22,830)
Distributions to PBF Energy Company LLC members	(136,270)	(139,682)	(350,658)
Proceeds from 2025 7.25% Senior Notes	725,000		
Cash paid to extinguish 2020 8.25% Senior Secured Notes	(690,209)		
Proceeds from revolver borrowings	490,000	550,000	170,000
Repayments of revolver borrowings	(490,000)	(200,000)	(170,000)
Proceeds from Rail Facility revolver borrowings			102,075
Repayments of Rail Facility revolver borrowings		(67,491)	(71,938)
Proceeds from PBF Rail Term Loan		35,000	
Repayment of PBF Rail Term Loan	(6,633)		
Proceeds from Intercompany Loan with PBF Energy Inc.	102,751		104,870
Repayment of Intercompany Loan with PBF Energy Inc.		(24,531)	
Proceeds from 2023 Senior Secured Notes			500,000
Proceeds from PBFX revolver borrowings	20,000	194,700	24,500
Repayments of PBFX revolver borrowings	(179,500)	(30,000)	(275,100)
Repayments of PBFX Term Loan borrowings	(39,664)	(194,536)	(700)
Proceeds from 2023 6.875% PBFX Senior Notes	178,500		350,000
Repayments of note payable	(1,210)		
Additional catalyst lease	10,830	15,586	
Purchases of treasury stock	(1,038)	(743)	(8,073)
Deferred financing costs and other	(17,131)	886	(17,213)
Net cash (used in) provided by financing activities	(79,884)	520,061	679,933
Net (decrease) increase in cash and cash equivalents	(172,926)	(203,902)	571,084
Cash and equivalents, beginning of period	734,962	938,864	367,780
Cash and equivalents, end of period	$ 562,036	$ 734,962	$ 938,864
Supplemental cash flow disclosures			
Non-cash activities:			
Conversion of Delaware Economic Development Authority loan to grant	$	$ 4,000	$ 4,000

Note payable issued for purchase of property, plant and equipment	6,831		
Accrued and unpaid capital expenditures	26,805	35,595	7,974
Cash paid during year for:			
Interest, net of capitalized interest of $7,156, $8,452 and $3,529 in 2017, 2016 and 2015, respectively	166,538	137,599	96,863
Income taxes		2,449	

See notes to consolidated financial statements.

PBF ENERGY COMPANY LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(IN THOUSANDS, EXCEPT SHARE, UNIT, PER SHARE, PER UNIT AND BARREL DATA)

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION

Description of the Business

PBF Energy Company LLC (PBF LLC), a Delaware limited liability company, together with its consolidated subsidiaries, owns and operates oil refineries and related facilities in North America. PBF Energy Inc. (PBF Energy) is the sole managing member of, and owner of an equity interest representing approximately 96.7% of the outstanding economic interest in PBF LLC as of December 31, 2017, with the remaining economic interests held by the members of PBF LLC other than PBF Energy. PBF Holding Company LLC (PBF Holding) is a wholly-owned subsidiary of PBF LLC. PBF Investments LLC (PBF Investments), Toledo Refining Company LLC (Toledo Refining or TRC), Paulsboro Refining Company LLC (Paulsboro Refining or PRC), Delaware City Refining Company LLC (Delaware City Refining or DCR), Chalmette Refining, L.L.C. (Chalmette Refining), PBF Western Region LLC (PBF Western Region), Torrance Refining Company LLC (Torrance Refining) and Torrance Logistics Company LLC are PBF LLC s principal operating subsidiaries and are all wholly-owned subsidiaries of PBF Holding. In addition, PBF LLC, through Chalmette Refining, holds an 80% interest in and consolidates Collins Pipeline Company and T&M Terminal Company.

PBF LLC also consolidates a publicly traded master limited partnership, PBF Logistics LP (PBFX). PBF Logistics GP LLC (PBF GP) owns the noneconomic general partner interest and serves as the general partner of PBFX and is wholly-owned by PBF LLC. PBF LLC consolidates the financial results of PBFX and its subsidiaries and records a noncontrolling interest in its consolidated financial statements representing the economic interests of PBFX s unit holders other than PBF LLC (refer to Note 16 Noncontrolling Interests to the consolidated financial statements). Collectively, PBF LLC and its consolidated subsidiaries, including PBF Holding, PBF GP and PBFX are referred to hereinafter as the Company unless the context otherwise requires.

Substantially all of the Company s operations are in the United States. The Company operates in two reportable business segments: Refining and Logistics. The Company s oil refineries are all engaged in the refining of crude oil and other feedstocks into petroleum products, and are aggregated into the Refining segment. PBFX is a publicly traded master limited partnership that was formed to operate logistical assets such as crude oil and refined petroleum products terminals, pipelines, and storage facilities. PBFX s operations are aggregated into the Logistics segment. To generate earnings and cash flows from operations, the Company is primarily dependent upon processing crude oil and selling refined petroleum products at margins sufficient to cover fixed and variable costs and other expenses. Crude oil and refined petroleum products are commodities; and factors largely out of the Company s control can cause prices to vary over time. The potential margin volatility can have a material effect on the Company s financial position, earnings and cash flow.

Public Offerings

In connection with certain secondary offerings completed in 2015, 2014 and 2013, investment funds associated with the initial investors in PBF LLC exchanged all of their PBF LLC Series A Units for an equal number of shares of PBF Energy Class A common stock which were subsequently sold to the public and, accordingly, no longer hold any PBF LLC Series A Units. The holders of PBF LLC Series B Units, which include certain current and former executive officers of PBF Energy, had the right to receive a portion of the proceeds of the sale of the PBF Energy Class A common stock by Blackstone and First Reserve. PBF LLC did not receive any proceeds from any of the secondary offerings.

Certain other follow-on equity offerings were made to the public. On October 13, 2015, PBF Energy completed a public offering of an aggregate of 11,500,000 shares of its Class A common stock, including 1,500,000 shares of

PBF ENERGY COMPANY LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(IN THOUSANDS, EXCEPT SHARE, UNIT, PER SHARE, PER UNIT AND BARREL DATA)

its Class A common stock that was sold pursuant to the exercise of an over-allotment option, for net proceeds of $344,000, after deducting underwriting discounts and commissions and other offering expenses (the October 2015 Equity Offering). Additionally, on December 19, 2016, PBF Energy completed a public offering of an aggregate of 10,000,000 shares of Class A common stock for net proceeds of $274,300, after deducting underwriting discounts and commissions and other offering expenses (the December 2016 Equity Offering). Net proceeds from the October 2015 Equity Offering and the December 2016 Equity Offering were subsequently used to purchase an equivalent amount of PBF LLC Series C Units.

As a result of the equity offerings described above and certain other transactions such as stock option exercises, as of December 31, 2017, the Company now owns 110,586,762 PBF LLC Series C Units and the Company s current and former executive officers and directors and certain employees beneficially own 3,767,464 PBF LLC Series A Units, and the holders of our issued and outstanding shares of Class A common stock have 96.7% of the voting power in the Company and the members of PBF LLC other than PBF Energy through their holdings of Class B common stock have the remaining 3.3% of the voting power in the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Presentation

These consolidated financial statements include the accounts of PBF LLC and subsidiaries in which PBF LLC has a controlling interest. All intercompany accounts and transactions have been eliminated in consolidation.

Change in Presentation

The Company has revised the presentation of certain line items on its consolidated statements of operations to enhance its disclosure under the requirements of Rule 5-03 of Regulation S-X. The revised presentation is comprised of the inclusion of a subtotal within costs and expenses referred to as Cost of sales and the reclassification of total depreciation and amortization expense between such amounts attributable to cost of sales and other operating costs and expenses. The amount of depreciation and amortization expense that is presented separately within the Cost of Sales subtotal represents depreciation and amortization of refining and logistics assets that are integral to the refinery production process.

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The historical comparative information has been revised to conform to the current presentation. This revised presentation does not have an effect on the Company s historical consolidated income from operations or net income, nor does it have any impact on its consolidated balance sheets, statements of comprehensive income, statements of changes in equity or statements of cash flows. Presented below is a summary of the effects of this revised presentation on the Company s historical statements of operations for the year ended December 31, 2015 (in thousands):

	Year Ended December 31, 2015		
	As Previously Reported	Adjustments	As Reclassified
Cost and expenses:			
Cost of products and other	$ 11,481,614		$ 11,481,614
Operating expenses (excluding depreciation and amortization expense as reflected below)	904,525		904,525
Depreciation and amortization expense		187,729	187,729
Cost of sales			12,573,868
General and administrative expenses (excluding depreciation and amortization expense as reflected below)	180,310		180,310
Depreciation and amortization expense	197,417	(187,729)	9,688
Gain on sale of assets	(1,004)		(1,004)
Total cost and expenses	$ 12,762,862		$ 12,762,862

Cost Classifications

Cost of products and other consists of the cost of crude oil, other feedstocks, blendstocks and purchased refined products and the related in-bound freight and transportation costs.

Operating expenses (excluding depreciation and amortization) consists of direct costs of labor, maintenance and services, utilities, property taxes, environmental compliance costs and other direct operating costs incurred in connection with our refining operations. Such expenses exclude depreciation related to refining and logistics assets that are integral to the refinery production process, which is presented separately as Depreciation and amortization expense as a component of Cost of sales on the Company s consolidated statements of operations.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures. Actual results could differ from those estimates.

Business Combinations

We use the acquisition method of accounting for the recognition of assets acquired and liabilities assumed in business combinations at their estimated fair values as of the date of acquisition. Any excess consideration

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transferred over the estimated fair values of the identifiable net assets acquired is recorded as goodwill. Significant judgment is required in estimating the fair value of assets acquired. As a result, in the case of significant acquisitions, we obtain the assistance of third-party valuation specialists in estimating fair values of tangible and intangible assets based on available historical information and on expectations and assumptions about the future, considering the perspective of marketplace participants. While management believes those expectations and assumptions are reasonable, they are inherently uncertain. Unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The carrying amount of the cash equivalents approximates fair value due to the short-term maturity of those instruments.

Marketable Securities

Debt or equity securities are classified into the following reporting categories: held-to-maturity, trading or available-for-sale securities. The Company does not routinely sell marketable securities prior to their scheduled maturity dates. Some of the Company s investments may be held and restricted for the purpose of funding future capital expenditures and acquisitions. Such investments are classified as available-for-sale marketable securities as they may occasionally be sold prior to their scheduled maturity dates due to the unexpected timing of cash needs. The carrying value of these marketable securities approximates fair value and is measured using Level 1 inputs (as defined below). The terms of the marketable securities range from one to three months and were classified on the balance sheet as current assets for the year ended December 31, 2016.

The marketable securities were fully liquidated as of December 31, 2017 and the PBFX Term Loan (as defined below) that they collateralized was repaid in full during the year ended December 31, 2017.

Concentrations of Credit Risk

For the years ended December 31, 2017, 2016 and 2015, no single customer amounted to greater than or equal to 10% of the Company s revenues.

No single customer accounted for 10% or more of our total trade accounts receivable as of December 31, 2017 or December 31, 2016.

Revenue, Deferred Revenue and Accounts Receivable

The Company sells various refined products primarily through its refinery subsidiaries and recognizes revenue related to the sale of products when there is persuasive evidence of an agreement, the sales prices are fixed or determinable, collectability is reasonably assured and when products are shipped or delivered in accordance with their respective agreements. Revenue for services is recorded when the services have been provided. Certain of the Company s refineries have product offtake agreements with third-parties under which these third parties purchase a portion of the refineries daily gasoline production. The refineries also sell their products through short-term contracts or on the spot market.

On May 4, 2017 and September 8, 2017, PBF Holding and its subsidiaries, DCR and PRC, entered into amendments to the inventory intermediation agreements (as amended in the second and third quarters of 2017,

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the A&R Intermediation Agreements) with J. Aron & Company, a subsidiary of The Goldman Sachs Group, Inc. (J. Aron), pursuant to which certain terms of the existing inventory intermediation agreements were amended, including, among other things, pricing and an extension of the terms. As a result of the amendments (i) the A&R Intermediation Agreement by and among J. Aron, PBF Holding and PRC relating to the Paulsboro refinery extends the term to December 31, 2019, which term may be further extended by mutual consent of the parties to December 31, 2020 and (ii) the A&R Intermediation Agreement by and among J. Aron, PBF Holding and DCR relating to the Delaware City refinery extends the term to July 1, 2019, which term may be further extended by mutual consent of the parties to July 1, 2020.

Pursuant to each A&R Intermediation Agreement, J. Aron will continue to purchase and hold title to certain of the intermediate and finished products (the Products) produced by the Paulsboro and Delaware City refineries (the Refineries), respectively, and delivered into tanks at the Refineries. Furthermore, J. Aron agrees to sell the Products back to Paulsboro refinery and Delaware City refinery as the Products are discharged out of the Refineries tanks. These purchases and sales were settled monthly at the daily market prices related to those products. These transactions were considered to be made in contemplation of each other and, accordingly, did not result in the recognition of a sale when title passes from the refineries to J. Aron. Additionally, J. Aron has the right to store the Products purchased in tanks under the A&R Intermediation Agreements and will retain these storage rights for the term of the agreements. PBF Holding will continue to market and sell the Products independently to third parties.

Accounts receivable are carried at invoiced amounts. An allowance for doubtful accounts is established, if required, to report such amounts at their estimated net realizable value. In estimating probable losses, management reviews accounts that are past due and determines if there are any known disputes. There was no allowance for doubtful accounts at December 31, 2017 and 2016.

Excise taxes on sales of refined products that are collected from customers and remitted to various governmental agencies are reported on a net basis.

Inventory

Inventories are carried at the lower of cost or market. The cost of crude oil, feedstocks, blendstocks and refined products are determined under the last-in first-out (LIFO) method using the dollar value LIFO method with increments valued based on average purchase prices during the year. The cost of supplies and other inventories is determined principally on the weighted average cost method.

Property, Plant and Equipment

Property, plant and equipment additions are recorded at cost. The Company capitalizes costs associated with the preliminary, pre-acquisition and development/construction stages of a major construction project. The Company capitalizes the interest cost associated with major construction projects based on the effective interest rate of total borrowings. The Company also capitalizes costs incurred in the acquisition and development of software for internal use, including the costs of software, materials, consultants and payroll-related costs for employees incurred in the application development stage.

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Depreciation is computed using the straight-line method over the following estimated useful lives:

Process units and equipment	5-25 years
Pipeline and equipment	5-25 years
Buildings	25 years
Computers, furniture and fixtures	3-7 years
Leasehold improvements	20 years
Railcars	50 years

Maintenance and repairs are charged to operating expenses as they are incurred. Improvements and betterments, which extend the lives of the assets, are capitalized.

Deferred Charges and Other Assets, Net

Deferred charges and other assets include refinery turnaround costs, catalyst, precious metals catalyst, linefill, deferred financing costs and intangible assets. Refinery turnaround costs, which are incurred in connection with planned major maintenance activities, are capitalized when incurred and amortized on a straight-line basis over the period of time estimated to lapse until the next turnaround occurs (generally 3 to 5 years).

Precious metals catalyst and linefill are considered indefinite-lived assets as they are not expected to deteriorate in their prescribed functions. Such assets are assessed for impairment in connection with the Company s review of its long-lived assets as indicators of impairment develop.

Deferred financing costs are capitalized when incurred and amortized over the life of the loan (generally 1 to 8 years).

Intangible assets with finite lives primarily consist of emission credits and permits and are amortized over their estimated useful lives (generally 1 to 10 years).

Long-Lived Assets and Definite-Lived Intangibles

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Impairment is evaluated by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from use of the assets and their ultimate disposition. If such analysis indicates that the carrying value of the long-lived assets is not considered to be recoverable, the carrying value is reduced to the fair value.

Impairment assessments inherently involve judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Although management would utilize assumptions that it believes are reasonable, future events and changing market conditions may impact management s assumptions, which could produce different results.

Asset Retirement Obligations

The Company records an asset retirement obligation at fair value for the estimated cost to retire a tangible long-lived asset at the time the Company incurs that liability, which is generally when the asset is purchased, constructed, or leased. The Company records the liability when it has a legal or contractual obligation to incur costs to retire the asset and when a reasonable estimate of the fair value of the liability can be made. If a

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reasonable estimate cannot be made at the time the liability is incurred, the Company will record the liability when sufficient information is available to estimate the liability s fair value. Certain of the Company s asset retirement obligations are based on its legal obligation to perform remedial activity at its refinery sites when it permanently ceases operations of the long-lived assets. The Company therefore considers the settlement date of these obligations to be indeterminable. Accordingly, the Company cannot calculate an associated asset retirement liability for these obligations at this time. The Company will measure and recognize the fair value of these asset retirement obligations when the settlement date is determinable.

Environmental Matters

Liabilities for future remediation costs are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Other than for assessments, the timing and magnitude of these accruals generally are based on the completion of investigations or other studies or a commitment to a formal plan of action. Environmental liabilities are based on best estimates of probable future costs using currently available technology and applying current regulations, as well as the Company s own internal environmental policies. The measurement of environmental remediation liabilities may be discounted to reflect the time value of money if the aggregate amount and timing of cash payments of the liabilities are fixed or reliably determinable. The actual settlement of the Company s liability for environmental matters could materially differ from its estimates due to a number of uncertainties such as the extent of contamination, changes in environmental laws and regulations, potential improvements in remediation technologies and the participation of other responsible parties.

Stock-Based Compensation

Stock-based compensation includes the accounting effect of options to purchase PBF Energy Class A common stock granted by the Company to certain employees, Series A warrants issued or granted by PBF LLC to employees in connection with their acquisition of PBF LLC Series A units, options to acquire Series A units of PBF LLC granted by PBF LLC to certain employees, Series B units of PBF LLC that were granted to certain members of management and restricted PBF LLC Series A Units and restricted PBF Energy Class A common stock granted to certain directors and officers. The estimated fair value of the options to purchase PBF Energy Class A common stock and the PBF LLC Series A warrants and options is based on the Black-Scholes option pricing model and the fair value of the PBF LLC Series B units is estimated based on a Monte Carlo simulation model. The estimated fair value is amortized as stock-based compensation expense on a straight-line method over the vesting period and included in general and administration expense with forfeitures recognized in the period they occur.

Additionally, stock-based compensation also includes unit-based compensation provided to certain officers, non-employee directors and seconded employees of PBFX s general partner, PBF GP, or its affiliates, consisting of PBFX phantom units. The fair value of PBFX s phantom units are measured based on the fair market value of the underlying common units on the date of grant based on the common unit closing price on the grant date. The estimated fair value of PBFX s phantom units is amortized over the vesting period using the straight-line method. Awards vest over a four year service period. The phantom unit awards may be settled in common units, cash or a combination of both. Expenses related to unit-based compensation are also included in general and administrative expenses with forfeitures recognized in the period they occur.

Income Taxes

As PBF LLC is a limited liability company treated as a flow-through entity for income tax purposes, there is no benefit or provision for federal or state income tax in the accompanying financial statements apart from the

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income taxes attributable to two subsidiaries acquired in connection with the acquisition of Chalmette Refining and the Company s wholly-owned Canadian subsidiary, PBF Energy Limited (PBF Ltd.). The two subsidiaries acquired in connection with the Chalmette Acquisition are treated as C-corporations for tax purposes.

The Federal tax returns for all years since 2014 and state tax returns for all years since 2013 or 2014 are subject to examination by the respective tax authorities.

Pension and Other Post-Retirement Benefits

The Company recognizes an asset for the overfunded status or a liability for the underfunded status of its pension and post-retirement benefit plans. The funded status is recorded within other long-term liabilities or assets. Changes in the plans funded status are recognized in other comprehensive income in the period the change occurs.

Fair Value Measurement

A fair value hierarchy (Level 1, Level 2, or Level 3) is used to categorize fair value amounts based on the quality of inputs used to measure fair value. Accordingly, fair values derived from Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities. Fair values derived from Level 2 inputs are based on quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are either directly or indirectly observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The Company uses appropriate valuation techniques based on the available inputs to measure the fair values of its applicable assets and liabilities. When available, the Company measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. In some valuations, the inputs may fall into different levels in the hierarchy. In these cases, the asset or liability level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurements.

Financial Instruments

The estimated fair value of financial instruments has been determined based on the Company s assessment of available market information and appropriate valuation methodologies. The Company s non-derivative financial instruments that are included in current assets and current liabilities are recorded at cost in the consolidated balance sheets. The estimated fair value of these financial instruments approximates their carrying value due to their short-term nature. Derivative instruments are recorded at fair value in the consolidated balance sheets.

The Company s commodity contracts are measured and recorded at fair value using Level 1 inputs based on quoted prices in an active market, Level 2 inputs based on quoted market prices for similar instruments, or Level 3 inputs based on third party sources and other available market based data. The Company s catalyst lease obligation and derivatives related to the Company s crude oil and feedstocks and refined product purchase obligations are measured and recorded at fair value using Level 2 inputs on a recurring basis, based on observable market prices for similar instruments.

Derivative Instruments

The Company is exposed to market risk, primarily related to changes in commodity prices for the crude oil and feedstocks used in the refining process as well as the prices of the refined products sold. The accounting treatment for commodity contracts depends on the intended use of the particular contract and on whether or not the contract meets the definition of a derivative.

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All derivative instruments, not designated as normal purchases or sales, are recorded in the balance sheet as either assets or liabilities measured at their fair values. Changes in the fair value of derivative instruments that either are not designated or do not qualify for hedge accounting treatment or normal purchase or normal sale accounting are recognized currently in earnings. Contracts qualifying for the normal purchase and sales exemption are accounted for upon settlement. Cash flows related to derivative instruments that are not designated or do not qualify for hedge accounting treatment are included in operating activities.

The Company designates certain derivative instruments as fair value hedges of a particular risk associated with a recognized asset or liability. At the inception of the hedge designation, the Company documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking various hedge transactions. Derivative gains and losses related to these fair value hedges, including hedge ineffectiveness, are recorded in cost of sales along with the change in fair value of the hedged asset or liability attributable to the hedged risk. Cash flows related to derivative instruments that are designated as fair value hedges are included in operating activities.

Economic hedges are hedges not designated as fair value or cash flow hedges for accounting purposes that are used to (i) manage price volatility in certain refinery feedstock and refined product inventories, and (ii) manage price volatility in certain forecasted refinery feedstock purchases and refined product sales. These instruments are recorded at fair value and changes in the fair value of the derivative instruments are recognized currently in cost of sales.

Derivative accounting is complex and requires management judgment in the following respects: identification of derivatives and embedded derivatives, determination of the fair value of derivatives, documentation of hedge relationships, assessment and measurement of hedge ineffectiveness and election and designation of the normal purchases and sales exception. All of these judgments, depending upon their timing and effect, can have a significant impact on the Company s earnings.

Recently Adopted Accounting Guidance

Effective January 1, 2017, the Company adopted Accounting Standard Update (ASU) No. 2016-06, Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments (a consensus of the FASB Emerging Issues Task Force) (ASU 2016-06). ASU 2016-6 was issued in March 2016 by the Financial Accounting Standards Board (FASB) to increase consistency in practice in applying guidance on determining if an embedded derivative is clearly and closely related to the economic characteristics of the host contract, specifically for assessing whether call (put) options that can accelerate the repayment of principal on a debt instrument meet the clearly and closely related criterion. The Company s adoption of this guidance did not materially impact its consolidated financial statements.

Effective January 1, 2017, the Company adopted ASU No. 2016-09, Compensation Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (ASU 2016-09). ASU 2016-09 was issued by the FASB in March 2016 to simplify certain aspects of the accounting for share-based payments to employees. The guidance in ASU 2016-09 requires all income tax effects of awards to be recognized in the income statement when the awards vest or are settled rather than recording excess tax benefits or deficiencies in additional paid-in capital. The guidance in ASU 2016-09 also allows an employer to repurchase more of an employee s shares than it could prior to its adoption for tax withholding purposes without triggering liability accounting and to make a policy election to account for forfeitures as they occur. The Company s adoption of this guidance did not materially impact its consolidated financial statements.

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Effective January 1, 2017, the Company adopted ASU No. 2016-17, Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control (ASU 2016-17). ASU 2016-17 was issued by the FASB in October 2016 to amend the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity (VIE) should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The amendments in this ASU do not change the characteristics of a primary beneficiary in current GAAP. The amendments in this ASU require that a reporting entity, in determining whether it satisfies the second characteristic of a primary beneficiary, include all of its direct variable interests in a VIE and, on a proportionate basis, its indirect variable interests in a VIE held through related parties, including related parties that are under common control with the reporting entity. The Company s adoption of this guidance did not materially impact its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business (ASU 2017-01), which provides guidance to assist entities with evaluating when a set of transferred assets and activities is a business. Under ASU 2017-01, it is expected that the definition of a business will be narrowed and more consistently applied. ASU 2017-01 is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The amendments in this ASU should be applied prospectively on or after the effective date. Early adoption of ASU 2017-01 is permitted and the Company early adopted the new standard in its consolidated financial statements and related disclosures effective January 1, 2017. The Company s adoption of this guidance did not materially impact its consolidated financial statements.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) requiring revenue to be recognized when promised goods or services are transferred to customers in an amount that reflects the expected consideration for these goods or services. The new guidance supersedes the revenue recognition requirements in FASB ASC Topic 605, Revenue Recognition , and most industry-specific guidance. The Company has adopted this new standard effective January 1, 2018, using the modified retrospective application, whereby a cumulative effect adjustment will be recognized upon adoption, if applicable, and the guidance will be applied prospectively.

The Company has completed its evaluation of the provisions of this standard and concluded that the adoption will not materially change the amount or timing of revenues recognized by the Company, nor will it materially affect the Company s financial position. The majority of the Company s revenues are generated from the sale of refined petroleum products and ethanol. These revenues are largely based on the current spot (market) prices of the products sold, which represent consideration specifically allocable to the products being sold on a given day, and the Company recognizes those revenues upon delivery and transfer of title to the products to its customers. The time at which delivery and transfer of title occurs is the point when the Company s control of the products is transferred to its customers and when the Company s performance obligation to its customers is fulfilled. Under the modified retrospective method of adoption, the cumulative effect of initially applying the standard is recognized as an adjustment to the opening balance of retained earnings, and revenues reported in the periods prior to the date of adoption are not changed. The Company does not, however, expect to make such an adjustment to retained earnings as the Company has determined any such adjustment to not be material. The Company is currently developing its revenue disclosures and enhancing its accounting systems to enable the preparation of such disclosures.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02), to increase the transparency and comparability about leases among entities. Additional ASUs have been issued subsequent to

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ASU 2016-02 to provide additional clarification and implementation guidance for leases related to ASU 2016-02 including ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842 (ASU 2018-01) (collectively, the Company refers to ASU 2016-02 and these additional ASUs as the Updated Lease Guidance) The Updated Lease Guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018, and requires a modified retrospective approach to adoption. ASU 2018-01 provides a practical expedient whereby land easements (also known as rights of way) that are not accounted for as leases under existing GAAP would not need to be evaluated under ASU 2016-02; however the Updated Lease Guidance would apply prospectively to all new or modified land easements after the effective date of ASU 2016-02. In January 2018, the FASB issued a proposed ASU that would provide an additional transition method for the Updated Lease Guidance for lessees and a practical expedient for lessors. As proposed, this additional transition method would allow lessees to initially apply the requirements of ASU 2016-02 by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The proposed practical expedient would allow lessors to not separate non-lease components from the related lease components in certain situations. Assuming the proposed ASU is approved after the comment period, the proposed ASU would have the same effective date as ASU 2016-02. While early adoption is permitted, the Company will not early adopt this Updated Lease Guidance. The Company has established a working group to study and lead implementation of the Updated Lease Guidance. This working group has been meeting on a regular basis and has instituted a preliminary task plan designed to meet the implementation deadline for ASU 2016-02. The Company has also evaluated and purchased a lease software system and has begun implementation of the selected system. The working group continues to evaluate the impact of the Updated Lease Guidance on its consolidated financial statements and related disclosures. At this time, the Company has identified that the most significant impacts of the Updated Lease Guidance will be to bring nearly all leases on its balance sheet with right of use assets and lease obligation liabilities as well as accelerating the interest expense component of financing leases. While the assessment of the impacts arising from this standard is progressing, the Company has not fully determined the impacts on its business processes, controls or financial statement disclosures at this time.

In March 2017, the FASB issued ASU No. 2017-07, Compensation Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (ASU 2017-07), which provides guidance to improve the reporting of net benefit cost in the income statement and on the components eligible for capitalization in assets. Under the new guidance, employers will present the service cost component of net periodic benefit cost in the same income statement line item(s) as other employee compensation costs arising from services rendered during the period. Only the service cost component will be eligible for capitalization in assets. Additionally, under this guidance, employers will present the other components of the net periodic benefit cost separately from the line item(s) that includes the service cost and outside of any subtotal of operating income, if one is presented. These components will not be eligible for capitalization in assets. Employers will apply the guidance on the presentation of the components of net periodic benefit cost in the income statement retrospectively. The guidance limiting the capitalization of net periodic benefit cost in assets to the service cost component will be applied prospectively. The guidance includes a practical expedient allowing entities to estimate amounts for comparative periods using the information previously disclosed in their pension and other postretirement benefit plan note to the financial statements. The amendments in this ASU are effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods. The Company does not expect the adoption of this new standard to have a material impact on its consolidated financial statements and related disclosures.

In May 2017, the FASB issued ASU No. 2017-09, Compensation Stock Compensation (Topic 718): Scope of Modification Accounting (ASU 2017-09), which provides guidance to increase clarity and reduce both diversity in practice and cost and complexity when applying the existing accounting guidance on changes to the terms or conditions of a share-based payment award. The amendments in ASU 2017-09 require an entity to account for the effects of a modification unless all the following are met: (i) the fair value of the modified award is the same as the fair value of the original award immediately before the original award is modified; (ii) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified; and (iii) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. The guidance in ASU 2017-09 should be applied prospectively. The amendments in this ASU are effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods. The Company will apply the guidance prospectively for any modifications to its stock compensation plans occurring after the effective date of the new standard.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities (ASU 2017-12). The amendments in ASU 2017-12 more closely align the results of cash flow and fair value hedge accounting with risk management activities through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results in the financial statements. The amendments in ASU 2017-12 address specific limitations in current GAAP by expanding hedge accounting for both nonfinancial and financial risk components and by refining the measurement of hedge results to better reflect an entity s hedging strategies. Thus, the amendments in ASU 2017-12 will enable an entity to better portray the economic results of hedging activities for certain fair value and cash flow hedges and will avoid mismatches in earnings by allowing for greater precision when measuring changes in fair value of the hedged item for certain fair value hedges. Additionally, by aligning the timing of recognition of hedge results with the earnings effect of the hedged item for cash flow and net investment hedges, and by including the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is presented, the results of an entity s hedging program and the cost of executing that program will be more visible to users of financial statements. The guidance in ASU 2017-12 concerning amendments to cash flow and net investment hedge relationships that exist on the date of adoption should be applied using a modified retrospective approach (i.e., with a cumulative effect adjustment recorded to the opening balance of retained earnings as of the initial application date). The guidance in ASU 2017-12 also provides transition relief to make it easier for entities to apply certain amendments to existing hedges (including fair value hedges) where the hedge documentation needs to be modified. The presentation and disclosure requirements of ASU 2017-12 should be applied prospectively. The amendments in this ASU are effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods. The Company is currently evaluating the impact of this new standard on its consolidated financial statements and related disclosures.

In January 2018, the FASB issued ASU 2018-01, Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842 (ASU 2018-01). This ASU is discussed above in connection with ASU 2016-02 on leases.

3. PBF LOGISTICS LP

PBFX is a fee-based, growth-oriented, Delaware master limited partnership formed by PBF Energy to own or lease, operate, develop and acquire crude oil and refined petroleum products terminals, pipelines, storage facilities and similar logistics assets. PBFX engages in the receiving, handling, storage and transferring of crude oil, refined products, natural gas and intermediates from sources located throughout the United States and Canada for PBF Energy in support of its refineries, as well as for third party customers. As of December 31, 2017, a substantial majority of PBFX s revenue is derived from long-term, fee-based commercial agreements

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with PBF Holding, which include minimum volume commitments, for receiving, handling, storing and transferring crude oil, refined products and natural gas. PBF Energy also has agreements with PBFX that establish fees for certain general and administrative services and operational and maintenance services provided by PBF Holding to PBFX. These transactions, other than those with third-parties, are eliminated by PBF Energy in consolidation.

PBFX, a variable interest entity, is consolidated by PBF Energy through its ownership of PBF LLC. PBF LLC, through its ownership of PBF GP, has the sole ability to direct the activities of PBFX that most significantly impact its economic performance. PBF LLC is considered to be the primary beneficiary of PBFX for accounting purposes.

Public Offerings

On May 14, 2014, PBFX completed its initial public offering of 15,812,500 common units. On April 5, 2016 PBFX completed a public offering of an aggregate of 2,875,000 common units, including 375,000 common units that were sold pursuant to the full exercise by the underwriter of its option to purchase additional common units, for net proceeds of $51,625, after deducting underwriting discounts and commissions and other offering expenses (the April 2016 PBFX Equity Offering). In addition, on August 17, 2016, PBFX completed a public offering of an aggregate of 4,000,000 common units and granted the underwriter an option to purchase an additional 600,000 common units, of which 375,000 units were subsequently purchased on September 14, 2016, for total net proceeds of $86,753, after deducting underwriting discounts and commissions and other offering expenses (the August 2016 PBFX Equity Offering and, together with the April 2016 PBFX Offering, the 2016 PBFX Offerings).

PBFX s initial assets consisted of a light crude oil rail unloading terminal at the Delaware City refinery that also services the Paulsboro refinery (which is referred to as the Delaware City Rail Terminal), and a crude oil truck unloading terminal at the Toledo refinery (which is referred to as the Toledo Truck Terminal) that are integral components of the crude oil delivery operations at three of PBF Energy s refineries.

September 2014 Drop-down Transaction

Effective September 30, 2014, PBF Holding distributed to PBF LLC all of the equity interests of Delaware City Terminaling Company II LLC (DCT II), which assets consist solely of the Delaware City heavy crude unloading rack (the DCR West Rack). PBF LLC then contributed to PBFX all of the equity interests of DCT II for total consideration of $150,000 (the DCR West Rack Acquisition).

December 2014 Drop-down Transaction

Effective December 11, 2014, PBF LLC contributed to PBFX all of the issued and outstanding limited liability company interests of Toledo Terminaling Company LLC (Toledo Terminaling), whose assets consist of a tank farm and related facilities located at PBF Energy s Toledo refinery, including a propane storage and loading facility (the Toledo Storage Facility), for total consideration of $150,000 (the Toledo Storage Facility Acquisition).

May 2015 Drop-down Transaction

On May 14, 2015 PBF LLC contributed to PBFX all of the issued and outstanding limited liability company interests of Delaware Pipeline Company LLC (DPC) and Delaware City Logistics Company LLC (DCLC),

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whose assets consist of a products pipeline, truck rack and related facilities located at our Delaware City refinery (collectively the DCR Products Pipeline and Truck Rack), for total consideration of $143,000 (the DCR Products Pipeline and Truck Rack Acquisition).

August 2016 Drop-down Transaction

On August 31, 2016, PBFX entered into a contribution agreement (the TVPC Contribution Agreement) between PBFX and PBF LLC. Pursuant to the TVPC Contribution Agreement, PBFX acquired from PBF LLC 50% of the issued and outstanding limited liability company interests of Torrance Valley Pipeline Company LLC (TVPC), whose assets consist of the San Joaquin Valley Pipeline system (which was acquired as a part of the Torrance Acquisition, as defined in Note 4 Acquisitions to the consolidated financial statements), including the M55, M1 and M70 pipeline systems including pipeline stations with storage capacity and truck unloading capability (collectively, the Torrance Valley Pipeline). The total consideration paid to PBF LLC was $175,000, which was funded by PBFX with $20,000 of cash on hand, $76,200 in proceeds from the sale of marketable securities, and $78,800 in net proceeds from the PBFX August 2016 Equity Offering. PBFX borrowed an additional $76,200 under the PBFX Revolving Credit Facility, which was used to repay $76,200 of the PBFX Term Loan (as defined in Note 9 Credit Facility and Debt to the consolidated financial statements) in order to release $76,200 in marketable securities that had collateralized the PBFX Term Loan.

February 2017 Drop-down Transaction

On February 15, 2017, PBFX entered into a contribution agreement (the PNGPC Contribution Agreement) between PBFX and PBF LLC. Pursuant to the PNGPC Contribution Agreement, PBF LLC contributed to PBFX s wholly owned subsidiary PBFX Operating Company LLC (PBFX Op Co) all of the issued and outstanding limited liability company interests of Paulsboro Natural Gas Pipeline Company LLC (PNGPC). PNGPC owns and operates an existing interstate natural gas pipeline that originates in Delaware County, Pennsylvania, at an interconnection with Texas Eastern pipeline that runs under the Delaware River and terminates at the delivery point to PBF Holding s Paulsboro refinery, and is subject to regulation by the Federal Energy Regulatory Commission (FERC). In connection with the PNGPC Contribution Agreement, PBFX constructed a new pipeline to replace the existing pipeline, which commenced services in August 2017(the Paulsboro Natural Gas Pipeline). In consideration for the PNGPC limited liability company interests, PBFX delivered to PBF LLC (i) an $11,600 intercompany promissory note in favor of Paulsboro Refining Company LLC, a wholly owned subsidiary of PBF Holding (the Promissory Note), (ii) an expansion rights and right of first refusal agreement in favor of PBF LLC with respect to the Paulsboro Natural Gas Pipeline and (iii) an assignment and assumption agreement with respect to certain outstanding litigation involving PNGPC and the existing pipeline.

Chalmette Storage Tank Lease

Effective February 2017, PBF Holding and PBFX Op Co entered into a ten-year storage services agreement (the Chalmette Storage Services Agreement) under which PBFX, through PBFX Op Co, assumed construction of a crude oil storage tank at PBF Holding s Chalmette Refinery (the Chalmette Storage Tank), commencing on November 1, 2017 upon the completion of construction of the Chalmette Storage Tank. PBFX Op Co and Chalmette Refining have entered into a twenty-year lease for the premises upon which the tank is located and a project management agreement pursuant to which Chalmette Refining managed the construction of the tank, which expired upon the completion of the Chalmette Storage Tank in November 2017.

As of December 31, 2017, PBF LLC holds a 44.1% limited partner interest in PBFX (consisting of 18,459,497 common units), with the remaining 55.9% limited partner interest held by the public unit holders. PBF LLC also

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owns all of the incentive distribution rights (IDRs) and indirectly owns a non-economic general partner interest in PBFX through its wholly-owned subsidiary, PBF GP, the general partner of PBFX. The IDRs entitle PBF LLC to receive increasing percentages, up to a maximum of 50.0%, of the cash PBFX distributes from operating surplus in excess of $0.345 per unit per quarter. As a result of the payment on May 31, 2017 by PBFX of its distribution for the first quarter of 2017, the financial tests required for conversion of all of PBFX s outstanding subordinated units into common units had been satisfied. As a result, all of PBFX s subordinated units, which were owned by PBF LLC, converted on a one-for-one basis into common units effective June 1, 2017. The conversion of the subordinated units did not impact the amount of cash distributions paid by PBFX or the total number of its outstanding units. The subordinated units were issued by PBFX in connection with its initial public offering in May 2014.

4. ACQUISITIONS

Torrance Acquisition

On July 1, 2016, the Company acquired from ExxonMobil Oil Corporation and its subsidiary, Mobil Pacific Pipeline Company, the Torrance refinery and related logistics assets (collectively, the Torrance Acquisition). The Torrance refinery, located in Torrance, California, is a high-conversion, delayed-coking refinery. The facility is strategically positioned in Southern California with advantaged logistics connectivity that offers flexible raw material sourcing and product distribution opportunities primarily in the California, Las Vegas and Phoenix area markets. The Torrance Acquisition provides the Company with a broader more diversified asset base and increases the number of operating refineries from four to five and expands the Company s combined crude oil throughput capacity. The acquisition also provides the Company with a presence in the PADD 5 market.

In addition to refining assets, the transaction includes a number of high-quality logistics assets including a sophisticated network of crude and products pipelines, product distribution terminals and refinery crude and product storage facilities. The most significant of the logistics assets is a crude gathering and transportation system which delivers San Joaquin Valley crude oil directly from the field to the refinery. Additionally, included in the transaction are several pipelines which provide access to sources of crude oil including the Ports of Long Beach and Los Angeles, as well as clean product outlets with a direct pipeline supplying jet fuel to the Los Angeles airport.

The aggregate purchase price for the Torrance Acquisition was $521,350 in cash after post-closing purchase price adjustments, plus final working capital of $450,582. In addition, the Company assumed certain pre-existing environmental and regulatory emission credit obligations in connection with the Torrance Acquisition. The transaction was financed through a combination of cash on hand including proceeds from certain equity offerings, and borrowings under PBF Holding s asset based revolving credit agreement (the Revolving Loan).

The Company accounted for the Torrance Acquisition as a business combination under GAAP whereby the Company recognizes assets acquired and liabilities assumed in an acquisition at their estimated fair values as of the date of acquisition. The final purchase price and fair value allocation were completed as of June 30, 2017. During the measurement period, which ended in June 2017, adjustments were made to the Company s preliminary fair value estimates related primarily to Property, plant and equipment and Other long-term liabilities reflecting the finalization of the Company s assessment of the costs and duration of certain assumed pre-existing environmental obligations.

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The total purchase consideration and the fair values of the assets and liabilities at the acquisition date were as follows:

	Purchase Price
Gross purchase price	$ 537,500
Working capital	450,582
Post close purchase price adjustments	(16,150)
Total consideration	$ 971,932

The following table summarizes the amounts recognized for assets acquired and liabilities assumed as of the acquisition date:

	Purchase Price
Inventories	$ 404,542
Prepaid and other current assets	982
Property, plant and equipment	704,633
Deferred charges and other assets, net	68,053
Accounts payable	(2,688)
Accrued expenses	(64,137)
Other long-term liabilities	(139,453)
Fair value of net assets acquired	$ 971,932

The results of operations of the Torrance refinery and related logistics assets are included in the Company s consolidated financial statements for the full year ended December 31, 2017. The Company s consolidated financial statements for the year ended December 31, 2016 include the results of operations of such assets from the date of the Torrance Acquisition on July 1, 2016 to December 31, 2016 during which period the Torrance refinery and related logistics assets contributed revenues of $1,977,204 and net income of $86,394. On an unaudited pro forma basis, the revenues and net income of the Company assuming the Torrance Acquisition had occurred on January 1, 2015, are shown below. The unaudited pro forma information does not purport to present what the Company s actual results would have been had the acquisition occurred on January 1, 2015, nor is the financial information indicative of the results of future operations. The unaudited pro forma financial information includes the depreciation and amortization expense attributable to the Torrance Acquisition and interest expense associated with related financing.

(Unaudited)	**Year ended December 31, 2016**	**2015**
Pro forma revenues	$ 16,999,435	$ 16,252,729
Pro forma net income attributable to PBF LLC	160,856	17,491

PBFX Plains Asset Purchase

On April 29, 2016, PBFX s wholly-owed subsidiary, PBF Logistics Products Terminals LLC, purchased four refined products terminals in the greater Philadelphia region (the East Coast Terminals) from an affiliate of Plains All American Pipeline, L.P., including product storage tanks, pipeline connections to the Colonial Pipeline Company, Buckeye Partners, Sunoco Logistics Partners and other proprietary pipeline systems, truck loading lanes and marine facilities capable of handling barges and ships (the PBFX Plains Asset Purchase). This acquisition expands PBFX s storage and terminaling footprint and introduces third-party customers to its revenue base.

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The aggregate purchase price for the PBFX Plains Asset Purchase was $100,000, less working capital adjustments. The consideration for the transaction was funded by PBFX with $98,336 in proceeds from the sale of marketable securities. PBFX borrowed an additional $98,500 under the PBFX Revolving Credit Facility, which was used to repay $98,336 of the PBFX Term Loan (as defined below) in order to release $98,336 in marketable securities that had collateralized the PBFX Term Loan. Subsequent to the closing of the Plains Asset Purchase, PBFX recorded an adjustment to the preliminary estimate for working capital of $37 as an increase to Prepaid and other current assets.

PBFX accounted for the PBFX Plains Asset Purchase as a business combination under GAAP whereby PBFX recognizes assets acquired and liabilities assumed in an acquisition at their estimated fair values as of the date of acquisition. Any excess consideration transferred over the estimated fair values of the identifiable net assets acquired is recorded as goodwill. The final purchase price and fair value allocation were completed as of December 31, 2016.

The total purchase consideration and the fair values of the assets and liabilities at the acquisition date were as follows:

	Purchase Price
Gross purchase price	$ 100,000
Working capital	(1,627)
Total consideration	$ 98,373

The following table summarizes the amounts recognized for assets acquired and liabilities assumed as of the acquisition date:

	Purchase Price
Prepaid and other current assets	$ 4,221
Property, plant and equipment	99,342
Accounts payable and accrued expenses	(3,174)
Other long-term liabilities	(2,016)
Estimated fair value of net assets acquired	$ 98,373

The results of operations of the East Coast Terminals are included in the Company s consolidated financial statements for the full year ended December 31, 2017. The Company s consolidated financial statements for the year ended December 31, 2016 include the results of operations of the East Coast Terminals since the PBFX Plains Asset Purchase on April 29, 2016 during which period the East Coast Terminals contributed third party revenues of $11,871 and net income of $1,830. On an unaudited pro forma basis, the revenues and net income of the Company assuming the acquisition had occurred on January 1, 2015, are shown below. The unaudited pro forma information does not purport to present what the Company s actual results would have been had the PBFX Plains Asset Purchase occurred on January 1, 2015, nor is the financial information indicative of the results of future operations. The unaudited pro forma financial information includes the depreciation and amortization expense attributable to the PBFX Plains Asset Purchase and interest expense associated with related financing.

	Year ended December 31,	
(Unaudited)	**2016**	**2015**
Pro forma revenues	$ 15,927,218	$ 13,141,301
Pro forma net income attributable to PBF LLC	284,470	223,878

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Chalmette Acquisition

On November 1, 2015, the Company acquired from ExxonMobil, Mobil Pipeline Company and PDV Chalmette, L.L.C., 100% of the ownership interests of Chalmette Refining, which owns the Chalmette refinery and related logistics assets (collectively, the Chalmette Acquisition). While the Company s consolidated financial statements for both the years ended December 31, 2017 and 2016 include the results of operations of Chalmette Refining, the final working capital settlement for the Chalmette Acquisition was finalized in the first quarter of 2016. Additionally, certain acquisition related costs for the Chalmette Acquisition were recorded in the first quarter of 2016.

The Company s consolidated financial statements for the years ended December 31, 2017 and 2016 include the results of operations of the Chalmette refinery for the full year. The Company s consolidated financial statements for the year ended December 31, 2015 include the results of operations of the Chalmette refinery since November 1, 2015 during which period the Chalmette refinery contributed revenues of $643,267 and net income of $53,539. On an unaudited pro forma basis, the revenues and net income of the Company assuming the acquisition had occurred on January 1, 2014, are shown below. The unaudited pro forma information does not purport to present what the Company s actual results would have been had the acquisition occurred on January 1, 2014, nor is the financial information indicative of the results of future operations. The unaudited pro forma financial information includes the depreciation and amortization expense related to the acquisition and interest expense associated with the Chalmette acquisition financing.

(Unaudited)	**Year ended December 31, 2015**
Pro forma revenues	$ 16,811,922
Pro forma net income attributable to PBF LLC	448,353

Acquisition Expenses

The Company incurred acquisition related costs consisting primarily of consulting and legal expenses related to completed, pending, and non-consummated acquisitions of $1,021, $17,510 and $5,833 in the years ended December 31, 2017, 2016 and 2015, respectively. These costs are included in the consolidated income statement in General and administrative expenses.

5. INVENTORIES

Inventories consisted of the following:

	December 31, 2017		
	Titled Inventory	Inventory Intermediation Arrangements	Total
Crude oil and feedstocks	$ 1,073,093	$	$ 1,073,093
Refined products and blendstocks	1,030,817	311,477	1,342,294
Warehouse stock and other	98,866		98,866
	$ 2,202,776	$ 311,477	$ 2,514,253
Lower of cost or market adjustment	(232,652)	(67,804)	(300,456)
Total inventories	$ 1,970,124	$ 243,673	$ 2,213,797

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	December 31, 2016		
	Titled Inventory	Inventory Intermediation Arrangements	Total
Crude oil and feedstocks	$ 1,102,007	$	$ 1,102,007
Refined products and blendstocks	915,397	352,464	1,267,861
Warehouse stock and other	89,680		89,680
	$ 2,107,084	$ 352,464	$ 2,459,548
Lower of cost or market adjustment	(492,415)	(103,573)	(595,988)
Total inventories	$ 1,614,669	$ 248,891	$ 1,863,560

Inventory under inventory intermediation arrangements included certain light finished products sold to counterparties and stored in the Paulsboro and Delaware City refineries storage facilities in connection with the A&R Intermediation Agreements with J. Aron.

During the year ended December 31, 2017, the Company recorded an adjustment to value its inventories to the lower of cost or market which increased both operating income and net income by $295,532, reflecting the net change in the lower of cost or market inventory reserve from $595,988 at December 31, 2016 to $300,456 at December 31, 2017. During the year ended December 31, 2016, the Company recorded an adjustment to value its inventories to the lower of cost or market which increased both operating income and net income by $521,348, reflecting the net change in the lower of cost or market inventory reserve from $1,117,336 at December 31, 2015 to $595,988 at December 31, 2016.

An actual valuation of inventories valued under the LIFO method is made at the end of each year based on inventory levels and costs at that time. We recorded a charge related to a LIFO layer decrement of $4,940 and $11,746 in the Refining segment during the year ended December 31, 2017 and 2016, respectively.

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consisted of the following:

	December 31, 2017	December 31, 2016
Land	$ 352,812	$ 352,607
Process units, pipelines and equipment	3,414,372	3,013,801
Buildings and leasehold improvements	51,915	50,711
Computers, furniture and fixtures	110,968	82,120

Construction in progress		172,270		307,659
		4,102,337		3,806,898
Less Accumulated depreciation		(623,124)		(478,128)
Total property, plant and equipment, net	$	3,479,213	$	3,328,770

Depreciation expense for the years ended December 31, 2017, 2016 and 2015 was $146,978, $116,629 and $94,781, respectively. The Company capitalized $7,156 and $8,452 in interest during 2017 and 2016, respectively, in connection with construction in progress.

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7. DEFERRED CHARGES AND OTHER ASSETS, NET

Deferred charges and other assets, net consisted of the following:

	December 31, 2017	December 31, 2016
Deferred turnaround costs, net	$ 560,403	$ 302,919
Catalyst, net	131,019	114,788
Environmental credits	42,452	51,636
Linefill	19,485	19,485
Pension plan assets	9,593	9,440
Intangible assets, net	537	577
Other	16,099	5,158
Total deferred charges and other assets, net	$ 779,588	$ 504,003

The Company recorded amortization expense related to deferred turnaround costs, catalyst and intangible assets of $143,978, $105,547 and $102,636 for the years ended December 31, 2017, 2016 and 2015, respectively.

Intangible assets, net was comprised of permits and emission credits as follows:

	December 31, 2017	December 31, 2016
Gross amount	$ 3,996	$ 3,996
Accumulated amortization	(3,459)	(3,419)
Net amount	$ 537	$ 577

8. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	December 31, 2017	December 31, 2016

Inventory-related accruals	$ 1,151,810	$ 810,027
Inventory intermediation arrangements	244,287	225,524
Excise and sales tax payable	118,515	86,046
Accrued transportation costs	64,400	89,830
Accrued salaries and benefits	58,589	17,466
Accrued utilities	42,189	44,190
Accrued refinery maintenance and support costs	35,674	28,670
Renewable energy credit and emissions obligations	26,231	70,158
Accrued interest	23,419	34,964
Accrued capital expenditures	18,765	35,149
Customer deposits	16,133	9,215
Environmental liabilities	8,289	9,434
Other	16,093	17,573
Total accrued expenses	$ 1,824,394	$ 1,478,246

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The Company has the obligation to repurchase certain intermediates and finished products that are held in the Company s refinery storage tanks at the Delaware City and Paulsboro refineries in accordance with the A&R Intermediation Agreements with J. Aron. As of December 31, 2017 and December 31, 2016, a liability is recognized for the inventory intermediation arrangements and is recorded at market price for the J. Aron owned inventory held in the Company s storage tanks under the A&R Intermediation Agreements, with any change in the market price being recorded in Cost of products and other.

The Company is subject to obligations to purchase Renewable Identification Numbers (RINs) required to comply with the Renewable Fuels Standard. The Company s overall RINs obligation is based on a percentage of domestic shipments of on-road fuels as established by the Environmental Protection Agency (EPA). To the degree the Company is unable to blend the required amount of biofuels to satisfy our RINs obligation, RINs must be purchased on the open market to avoid penalties and fines. The Company records its RINs obligation on a net basis in Accrued expenses when its RINs liability is greater than the amount of RINs earned and purchased in a given period and in Prepaid and other current assets when the amount of RINs earned and purchased is greater than the RINs liability. In addition, the Company is subject to obligations to comply with federal and state legislative and regulatory measures, including regulations in the State of California pursuant to Assembly Bill 32 (AB32), to address environmental compliance and greenhouse gas and other emissions. These requirements include incremental costs to operate and maintain our facilities as well as to implement and manage new emission controls and programs. Renewable energy credit and emissions obligations fluctuate with the volume of applicable product sales and timing of credit purchases.

9. CREDIT FACILITY AND DEBT

PBF Holding Revolving Loan

On August 15, 2014, PBF Holding amended and restated the terms of the Revolving Loan to, among other things, increase the commitment from $1,610,000 to $2,500,000, and extend the maturity to August 2019. In addition, the amended and restated agreement reduced the interest rate on advances and the commitment fee paid on the unused portion of the facility. The amended and restated agreement also increased the sublimit for letters of credit from $1,000,000 to $1,500,000 and reduced the combined LC Participation Fee and Fronting Fee paid on issued and outstanding letters of credit. The LC Participation Fee ranges from 1.25% to 2.0% depending on the Company s senior secured debt rating and the Fronting Fee is equal to 0.25%.

An accordion feature allows for increases in the aggregate commitment of up to $2,750,000. In November and December 2015, PBF Holding increased the maximum availability under the Revolving Loan to $2,600,000 and $2,635,000, respectively. At the option of PBF Holding, advances under the Revolving Loan bear interest either at the Alternate Base Rate plus the Applicable Margin, or the Adjusted LIBOR Rate plus the Applicable Margin, all as defined in the agreement. The Applicable Margin ranges from 1.50% to 2.25% for Adjusted LIBOR Rate Loans and from 0.50% to 1.25% for Alternative Base Rate Loans, depending on the Company s senior secured debt rating. Interest is paid in arrears, either quarterly in the case of Alternate Base Rate Loans or at the maturity of each Adjusted LIBOR Rate Loan.

Advances under the Revolving Loan, plus all issued and outstanding letters of credit may not exceed the lesser of $2,635,000 or the Borrowing Base, as defined in the agreement. The Revolving Loan can be prepaid, without penalty, at any time.

The Revolving Loan contains customary covenants and restrictions on the activities of PBF Holding and its subsidiaries, including, but not limited to, limitations on the incurrence of additional indebtedness; liens, negative

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pledges, guarantees, investments, loans, asset sales, mergers, acquisitions and prepayment of other debt, distributions, dividends and the repurchase of capital stock, transactions with affiliates, the ability to change the nature of its business or its fiscal year; the ability of PBF Holding to amend the terms of the Senior Secured Notes (as defined below) documents, and sale and leaseback transactions, all as defined in the credit agreement.

In addition, the Revolving Loan has a financial covenant which requires that if at any time Excess Availability, as defined in the credit agreement, is less than the greater of (i) 10% of the lesser of the then existing Borrowing Base and the then aggregate Revolving Commitments of the Lenders (the Financial Covenant Testing Amount), and (ii) $100,000, and until such time as Excess Availability is greater than the Financial Covenant Testing Amount and $100,000 for a period of 12 or more consecutive days, PBF Holding will not permit the Consolidated Fixed Charge Coverage Ratio, as defined in the credit agreement and determined as of the last day of the most recently completed quarter, to be less than 1.1 to 1.0.

PBF Holding s obligations under the Revolving Loan are (a) guaranteed by each of its domestic operating subsidiaries that are not Excluded Subsidiaries (as defined in the credit agreement) and (b) secured by a lien on (i) PBF LLC s equity interest in PBF Holding and (ii) certain assets of PBF Holding and the subsidiary guarantors, including all deposit accounts (other than zero balance accounts, cash collateral accounts, trust accounts and/or payroll accounts, all of which are excluded from the collateral), all accounts receivable, all hydrocarbon inventory (other than the intermediate and finished products owned by J. Aron pursuant to the Inventory Intermediation Agreements) and to the extent evidencing, governing, securing or otherwise related to the foregoing, all general intangibles, chattel paper, instruments, documents, letter of credit rights and supporting obligations; and all products and proceeds of the foregoing.

Outstanding borrowings under the Revolving Loan as of December 31, 2017 and December 31, 2016 were $350,000 and $350,000, respectively. Issued letters of credit were $586,274 and $411,997 as of December 31, 2017 and 2016, respectively.

PBFX Credit Facilities

On May 14, 2014, in connection with the closing of the PBFX Offering, PBFX entered into a five-year, $275,000 senior secured revolving credit facility (the PBFX Revolving Credit Facility) and a three-year, $300,000 term loan facility (the PBFX Term Loan), each with Wells Fargo Bank, National Association, as administrative agent, and a syndicate of lenders. The PBFX Revolving Credit Facility was increased from $275,000 to $325,000 in December 2014 and from $325,000 to $360,000 in May 2016.

The PBFX Revolving Credit Facility is available to fund working capital, acquisitions, distributions and capital expenditures, and other general partnership purposes and is guaranteed by a guaranty of collection from PBF LLC. PBFX can increase the maximum amount of the PBFX Revolving Credit Facility by an aggregate amount of up to $240,000, to a total facility size of $600,000, subject to receiving increased commitments from lenders or other financial institutions and satisfaction of certain conditions. The PBFX Revolving Credit Facility includes a $25,000 sublimit for standby letters of credit and a $25,000 sublimit for swingline loans. Obligations under the PBFX Revolving Credit Facility and certain cash management and hedging obligations designated by PBFX are guaranteed by its restricted subsidiaries, and are secured by a first priority lien on PBFX s assets (including PBFX s equity interests in Delaware City Terminaling Company LLC) and those of PBFX s restricted subsidiaries (other than excluded assets and a guaranty of collection from PBF LLC). The maturity date of the PBFX Revolving Credit Facility may be extended for one year on up to two occasions, subject to certain customary terms and conditions. Borrowings under the PBFX Revolving Credit Facility bear interest at either a base rate plus an applicable margin ranging from 0.75% to 1.75%, or at LIBOR plus an applicable margin

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ranging from 1.75% to 2.75%. The applicable margin will vary based upon PBFX s Consolidated Total Leverage Ratio, as defined in the PBFX Revolving Credit Facility.

The PBFX Revolving Credit Facility contains affirmative and negative covenants customary for revolving credit facilities of this nature which, among other things, limit or restrict PBFX s ability and the ability of its restricted subsidiaries to incur or guarantee debt, incur liens, make investments, make restricted payments, amend material contracts, engage in certain business activities, engage in mergers, consolidations and other organizational changes, sell, transfer or otherwise dispose of assets or enter into burdensome agreements or enter into transactions with affiliates on terms which are not arm s length.

Additionally, under the terms of the PBFX Revolving Credit Facility, PBFX is required to maintain the following financial ratios, each tested on a quarterly basis for the immediately preceding four quarter period then ended (or such shorter period as shall apply, the Measurement Period): (a) until such time as PBFX obtains an investment grade credit rating, a Consolidated Interest Coverage Ratio (as defined in the PBFX Revolving Credit Facility) of at least 2.50 to 1.00; (b) a Consolidated Total Leverage Ratio (as defined in the PBFX Revolving Credit Facility) of not greater than 4.00 to 1.00 (or 4.50 to 1.00 at any time after (i) PBFX has issued at least $100,000 of unsecured notes and (ii) in addition to clause (i), upon the consummation of a material permitted acquisition (as defined in the PBFX Revolving Credit Facility) and for two-hundred seventy days immediately thereafter (an Increase Period), if elected by PBFX by written notice to the administrative agent given on or prior to the date of such acquisition, the maximum permitted Consolidated Total Coverage Ratio shall be increased by 0.50 to 1.00 above the otherwise relevant level (the Step-Up) provided that Increase Periods may not be successive unless the ratio has been complied with for at least one Measurement Period ending after such Increase Period (i.e., without giving effect to the Step-Up)); and (c) after PBFX has issued at least $100,000 of unsecured notes, a Consolidated Senior Secured Leverage Ratio (as defined in the PBFX Revolving Credit Facility) of not greater than 3.50 to 1.00. The PBFX Revolving Credit Facility generally prohibits PBFX from making cash distributions (subject to certain exceptions) except for so long as no default or event of default exists or would be caused thereby, and only to the extent permitted by PBFX s partnership agreement, PBFX may make cash distributions to its unit holders up to the amount of PBFX s Available Cash (as defined in the PBFX partnership agreement).

The PBFX Term Loan was used to fund a distribution to PBF LLC and was guaranteed by a guaranty of collection from PBF LLC and secured at all times by cash, U.S. Treasury or other investment grade securities in an amount equal to or greater than the outstanding principal amount (refer to Note 11 Marketable Securities to the consolidated financial statements). Borrowings under the PBFX Term Loan bore interest either at the Base Rate (as defined in the PBFX Term Loan), or at LIBOR plus an applicable margin equal to 0.25%.

The PBFX Term Loan contained affirmative and negative covenants customary for term loans of this nature which, among other things, limited PBFX s use of the proceeds and restricted PBFX s ability to incur liens and enter into burdensome agreements.

The PBFX Revolving Credit Facility contains (and the PBFX Term Loan previously contained) events of default customary for transactions of their nature, including, but not limited to (and subject to any applicable grace periods in certain circumstances), the failure to pay any principal, interest or fees when due, failure to perform or observe any covenant contained in the PBFX Revolving Credit Facility or related documentation, any representation or warranty made in the agreements or related documentation being untrue in any material respect when made, default under certain material debt agreements, commencement of bankruptcy or other insolvency proceedings, certain changes in PBFX s ownership or the ownership or board composition of PBF GP and material judgments or orders. Upon the occurrence and during the continuation of an event of default under the agreements, the lenders may, among other things, terminate their commitments, declare any outstanding loans to

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be immediately due and payable and/or exercise remedies against PBFX and the collateral as may be available to the lenders under the agreements and related documentation or applicable law.

During 2016 and 2017 PBFX used borrowings under the PBFX Revolving Credit Facility to repay the amount outstanding under the PBFX Term Loan. The PBFX Term Loan was fully repaid as of December 31, 2017. As of December 31, 2016, there was $39,664 outstanding under the PBFX Term Loan.

The PBFX Revolving Credit Facility may be repaid, from time-to-time, without penalty. As of December 31, 2017, there were $29,700 of borrowings and $3,610 of letters of credit outstanding under the PBFX Revolving Credit Facility. At December 31, 2016, there were $189,200 of borrowings and $3,610 of letters of credit outstanding under the PBFX Revolving Credit Facility.

PBFX Senior Notes

On May 12, 2015, PBFX entered into an indenture among the Partnership, PBF Logistics Finance Corporation, a Delaware corporation and wholly-owned subsidiary of the Partnership (PBF Finance, and together with the Partnership, the Issuers), the Guarantors named therein and Deutsche Bank Trust Company Americas, as Trustee, under which the Issuers issued $350,000 in aggregate principal amount of 6.875% Senior Notes due 2023 (the PBFX Senior Notes). The initial purchasers in the offering purchased $330,090 aggregate principal amount of PBFX Senior Notes pursuant to a private placement transaction conducted under Rule 144A and Regulation S of the Securities Act of 1933, as amended, and certain of PBF Energy s officers and directors and their affiliates and family members purchased the remaining $19,910 aggregate principal amount of PBFX Senior Notes in a separate private placement transaction. The Issuers received net proceeds of approximately $343,000 from the offering after deducting the initial purchasers discount and offering expenses, and used such proceeds to pay $88,000 of the cash consideration due in connection with the DCR Products Pipeline and Truck Rack Acquisition and to repay $255,000 of outstanding indebtedness under the PBFX Revolving Credit Facility.

On October 6, 2017, PBFX issued $175,000 in aggregate principal amount of 6.875% Senior Notes due 2023 (the new PBFX 2023 Senior Notes). The new PBFX 2023 Senior Notes were issued at 102% of face value, or an effective interest rate of 6.442%. Furthermore, the new PBFX 2023 Senior Notes were issued under the indenture governing the 6.875% Senior Notes issued on May 12, 2015 (the initial PBFX 2023 Senior Notes and, together with the new PBFX 2023 Senior Notes, the PBFX 2023 Senior Notes). The new PBFX 2023 Senior notes are expected to be treated as a single series with the initial PBFX 2023 Senior Notes and have the same terms except that (i) the new PBFX 2023 Senior Notes are subject to a separate registration rights agreement, and (ii) the new PBFX 2023 Senior Notes were issued initially under CUSIP numbers different from the initial PBFX 2023 Senior Notes. PBFX used the net proceeds from the offering of the new PBFX 2023 Senior Notes to repay a portion of the PBFX Revolving Credit Facility and for general partnership purposes.

PBF LLC agreed to a limited guarantee of collection of the principal amount of the PBFX 2023 Senior Notes, but is not otherwise subject to the covenants of the indenture. The PBFX Senior Notes are general senior unsecured obligations of the Issuers and are equal in right of payment with all of the Issuers existing and future senior indebtedness, including amounts outstanding under the PBFX Revolving Credit Facility and PBFX Term Loan. The PBFX 2023 Senior Notes are effectively subordinated to all of the Issuers and the Guarantors existing and future secured debt, including the PBFX Revolving Credit Facility and PBFX Term Loan, to the extent of the value of the assets securing that secured debt and will be structurally subordinated to all indebtedness of PBFX s subsidiaries that do not guarantee the PBFX 2023 Senior Notes. The PBFX 2023 Senior Notes will be senior to any future subordinated indebtedness the Issuers may incur.

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The PBFX indenture contains customary terms, events of default and covenants for transactions of this nature. These covenants include limitations on PBFX s and its restricted subsidiaries ability to, among other things: (i) make investments, (ii) incur additional indebtedness or issue preferred units, (iii) pay dividends or make distributions on units or redeem or repurchase its subordinated debt, (iv) create liens, (v) incur dividend or other payment restrictions affecting subsidiaries, (vi) sell assets, (vii) merge or consolidate with other entities and (viii) enter into transactions with affiliates. These covenants are subject to a number of important limitations and exceptions.

PBFX has optional redemption rights to repurchase all or a portion of the PBFX 2023 Senior Notes at varying prices which are no less than 100% of the principal amount, plus accrued and unpaid interest. The holders of the PBFX 2023 Senior Notes have repurchase options exercisable only upon a change in control, certain asset dispositions, or in event of default as defined in the indenture.

As of December 31, 2017, there were $525,000 outstanding principal amount under the PBFX 2023 Senior Notes. At December 31, 2016, there were $350,000 outstanding under the PBFX 2023 Senior Notes.

PBF LLC, exclusive of its consolidating subsidiaries, provides a limited guarantee of collection of the principal amount of the PBFX Revolving Credit Facility and the PBFX 2023 Senior Notes. Under the PBF LLC parent company limited guarantee, PBF LLC would not have any obligation to make principal payments with respect to the notes unless all remedies, including in the context of bankruptcy proceedings, have first been fully exhausted against PBFX with respect to such payment obligation, and holders of the PBFX Revolving Credit Facility and the PBFX 2023 Senior Notes are still owed amounts in respect of the principal of the notes. PBF LLC is not otherwise subject to the covenants of the indenture governing the notes. As a result of the limited guarantee the following PBF LLC parent company balance sheets and statements of operations support the limited guarantee of collection.

PBF ENERGY COMPANY LLC (PARENT COMPANY)

BALANCE SHEETS

(in thousands)

	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16,481	$ 44,526
Other current assets	22	17
Total current assets	16,503	44,543

Investment in subsidiaries		2,713,202		2,108,422
Total assets	$	2,729,705	$	2,152,965
LIABILITIES AND EQUITY				
Current liabilities:				
Other current liabilities	$		$	368
Intercompany note payable		302,184		106,636
Total current liabilities		302,184		107,004
Total equity		2,427,521		2,045,961
Total liabilities and equity	$	2,729,705	$	2,152,965

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PBF ENERGY COMPANY LLC (PARENT COMPANY)

STATEMENT OF OPERATIONS

(in thousands)

	Year Ended December 31,		
	2017	**2016**	**2015**
Equity in earnings of subsidiaries	$ 506,469	$ 276,737	$ 226,262
Interest income, net	(6,392)	4,151	50
Net income	$ 500,077	$ 280,888	$ 226,312

PBF Rail Term Loan

On December 22, 2016, PBF Rail entered into a $35,000 term loan (the PBF Rail Term Loan) with a commercial bank lender to the transportation industry. The PBF Rail Term Loan amortizes monthly over its five year term and bears interest at a rate equal to one month LIBOR plus 2.0%. As security for the PBF Rail Term Loan, PBF Rail pledged, among other things: (i) certain eligible railcars; (ii) the Debt Service Reserve Account; and (iii) PBF Holding s membership interest in PBF Rail. Additionally, the PBF Rail Term Loan contains customary terms, events of default and covenants for transactions of this nature. PBF Rail may at any time repay the PBF Rail Term Loan without penalty in the event that railcars securing the loan are sold, scrapped or otherwise removed from the collateral pool.

There was $28,366 and $35,000 outstanding under the PBF Rail Term Loan as of December 31, 2017 and 2016, respectively.

Senior Notes

On February 9, 2012, PBF Holding and PBF Holding s wholly-owned subsidiary, PBF Finance Corporation, completed the offering of $675,500 aggregate principal amount of 8.25% Senior Secured Notes due 2020 (the 2020 Senior Secured Notes). The net proceeds, after deducting the original issue discount, the initial purchasers discounts and commissions, and the fees and expenses of the offering, were used to repay all of the outstanding indebtedness plus accrued interest, as well as to reduce the outstanding balance of the Revolving Loan.

On November 24, 2015, PBF Holding and PBF Holding s wholly-owned subsidiary, PBF Finance Corporation completed an offering of $500,000 in aggregate principal amount of 7.00% Senior Secured Notes due 2023 (the 2023 Senior Notes , and together with the 2020 Senior Secured Notes, the Senior Secured Notes). The net proceeds from this offering were approximately $490,000 after deducting the initial purchasers discount and offering expenses. The

Company used the proceeds for general corporate purposes, including to fund a portion of the purchase price for the acquisition of the Torrance refinery and related logistics assets.

The Senior Secured Notes are secured on a first-priority basis by substantially all of the present and future assets of PBF Holding and its subsidiaries (other than assets securing the Revolving Loan). Payment of the Senior Secured Notes is jointly and severally guaranteed by substantially all of PBF Holding s subsidiaries. PBF Holding has optional redemption rights to repurchase all or a portion of the Senior Secured Notes at varying prices no less than 100% of the principal amounts of the notes plus accrued and unpaid interest. The holders of the Senior Secured Notes have repurchase options exercisable only upon a change in control, certain asset sale transactions, or in event of a default as defined in the indenture agreement.

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In addition, the Senior Secured Notes contain customary terms, events of default and covenants for an issuer of non-investment grade debt securities including limitations on PBF Holding s and its restricted subsidiaries ability to, among other things, (1) incur additional indebtedness or issue certain preferred stock; (2) make equity distributions; (3) pay dividends on or repurchase capital stock or make other restricted payments; (4) enter into transactions with affiliates; (5) create liens; (6) engage in mergers and consolidations or otherwise sell all or substantially all of its assets; (7) designate subsidiaries as unrestricted subsidiaries; (8) make certain investments; and (9) limit the ability of restricted subsidiaries to make payments to PBF Holding.

At all times after (a) a covenant suspension event which requires that the Senior Secured Notes have investment grade ratings from both Moody s Investment Services, Inc. and Standard & Poor s), or (b) a Collateral Fall-Away Event, as defined in the indenture, the Senior Secured Notes will become unsecured.

On May 30, 2017, PBF Holding entered into an Indenture (the Indenture) among PBF Holding and PBF Holding s wholly-owned subsidiary, PBF Finance Corporation (PBF Finance and, together with PBF Holding, the Issuers), the guarantors named therein (collectively the Guarantors) and Wilmington Trust, National Association, as Trustee, under which the Issuers issued $725,000 in aggregate principal amount of 7.25% senior notes due 2025 (the 2025 Senior Notes). The Issuers received net proceeds of approximately $711,576 from the offering after deducting the initial purchasers discount and offering expenses, all of which was used to fund the cash tender offer (the Tender Offer) for any and all of its outstanding 2020 Senior Secured Notes, to pay the related redemption price and accrued and unpaid interest for any 2020 Senior Secured Notes which remained outstanding after the completion of the Tender Offer, and for general corporate purposes. The difference between the carrying value of the 2020 Senior Secured Notes on the date they were reacquired and the amount for which they were reacquired has been classified as debt extinguishment costs in the consolidated statements of operations.

The 2025 Senior Notes included a registration rights arrangement whereby the Issuers agreed to file with the SEC and use commercially reasonable efforts to consummate an offer to exchange the 2025 Senior Notes for an issue of registered notes with terms substantially identical to the notes not later than 365 days after the date of the original issuance of the notes. This registration statement was declared effective and the exchange was consummated during the fourth quarter of 2017.

The 2025 Senior Notes are guaranteed on a senior unsecured basis by substantially all of PBF Holding s subsidiaries. The 2025 Senior Notes and guarantees are senior unsecured obligations which rank equal in right of payment with all of the Issuers and the Guarantors existing and future senior indebtedness, including PBF Holding s Revolving Loan and 2023 Senior Notes. The 2025 Senior Notes and the guarantees rank senior in right of payment to the Issuers and he Guarantors existing and future indebtedness that is expressly subordinated in right of payment thereto. The 2025 Senior Notes and the guarantees are effectively subordinated to any of the Issuers and the Guarantors existing or future secured indebtedness (including the Revolving Loan) to the extent of the value of the collateral securing such indebtedness. The 2025 Senior Notes and the guarantees are structurally subordinated to any existing or future indebtedness and other obligations of the Issuers non-guarantor subsidiaries.

PBF Holding has optional redemption rights to repurchase all or a portion of the 2025 Senior Notes at varying prices which are no less than 100% of the principal amount plus accrued and unpaid interest. The holders of the 2025 Senior Notes have repurchase options exercisable only upon a change in control, certain asset sale transactions, or in event of a default as defined in the Indenture. In addition, the 2025 Senior Notes contain customary terms, events of default and covenants for an issuer of non-investment grade debt securities that limit certain types of additional debt, equity issuances, and payments. Many of these covenants will cease to apply or will be modified if the 2025 Senior Notes are rated investment grade.

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Upon the satisfaction and discharge of the 2020 Senior Secured Notes in connection with the closing of the Tender Offer and the redemption described above, a Collateral Fall-Away Event under the indenture governing the 2023 Senior Notes occurred on May 30, 2017, and the 2023 Senior Notes became unsecured and certain covenants were modified, as provided for in the indenture governing the 2023 Senior Notes and related documents.

Note Payable

In connection with the purchase of a waste water treatment facility servicing the Toledo refinery completed on September 28, 2017, the Company issued a short-term promissory note payable in the amount of $6,831 due June 30, 2018. Payments of $403 on the note are made monthly with a balloon payment of $3,200 due at maturity. As of December 31, 2017, there was $5,621 outstanding under the note payable.

Precious Metals Catalyst Leases

Certain subsidiaries of the Company have entered into agreements whereby such subsidiary sold a portion of its precious metals catalyst to a major commercial bank and then leased back the precious metals catalyst. The volume of the precious metals catalyst and the lease rate are fixed over the term of each lease. At the maturity, the Company must repurchase the precious metals catalyst in question at its then fair market value. The Company believes that there is a substantial market for precious metals catalyst and that it will be able to release such catalyst at maturity. The Company treated these transactions as financing arrangements, and the lease payments are recorded as interest expense over the agreements terms. The Company has elected the fair value option for accounting for its catalyst lease repurchase obligations as the Company s liability is directly impacted by the change in value of the underlying catalyst. The fair value of these repurchase obligations as reflected in the fair value of long-term debt outstanding table below is measured using Level 2 inputs.

Details on the catalyst leases at each of the Company s refineries as of December 31, 2017 are included in the following table:

	Annual lease fee	Annual interest rate	Expiration date
Paulsboro catalyst lease	$ 140	2.20%	December 2019
Delaware City catalyst lease	$ 210	1.95%	October 2019
Delaware City catalyst lease Palladium	$ 30	2.05%	October 2019
Delaware City bridge lease (short lease)	$ 3	1.69%	February 2018 (1)
Delaware City bridge lease (long lease)	$ 117	1.69%	June 2018(1)
Toledo catalyst lease	$ 178	1.75%	June 2020
Chalmette catalyst lease	$ 185	3.85%	November 2018 (2)
Chalmette catalyst lease	$ 171	2.20%	November 2019

Torrance catalyst lease	$	143	1.78%	July 2019

(1) On October 5, 2017 Delaware City Refining entered into two platinum bridge leases which will expire in 2018. The leases are payable at maturity and the Company expects that the matured leases will not be renewed. The total outstanding balance related to these bridge leases as of December 31, 2017 was $10,987 and is included in Current debt on our Consolidated balance sheet.

(2) The Chalmette catalyst lease is included in long-term debt as of December 31, 2017 as the Company has the ability and intent to finance this debt through availability under other credit facilities if the catalyst lease is not renewed at maturity.

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Long-term debt outstanding consisted of the following:

	December 31, 2017	December 31, 2016
2025 Senior Notes	$ 725,000	$
2023 Senior Notes	$ 500,000	$ 500,000
2020 Senior Secured Notes		670,867
Revolving Loan	350,000	350,000
PBF Rail Term Loan	28,366	35,000
PBFX Revolving Credit Facility	29,700	189,200
PBFX Term Loan		39,664
PBFX 2023 Senior Notes	525,000	350,000
Catalyst leases	59,048	45,969
Unamortized deferred financing costs	(34,459)	(32,466)
Unamortized premium PBFX 2023 Senior Notes	3,374	
	2,186,029	2,148,234
Less Current debt	(10,987)	(39,664)
Long-term debt	$ 2,175,042	$ 2,108,570

Debt Maturities

Debt maturing in the next five years and thereafter is as follows:

Year Ending December 31,	
2018	$ 16,066
2019	412,610
2020	10,072
2021	28,366
2022	
Thereafter	1,750,000
	$ 2,217,114

10. INTERCOMPANY NOTES PAYABLE

During 2013, PBF LLC, and its wholly-owned subsidiary, PBF Holding, entered into notes payables with PBF Energy. As of December 31, 2017 and 2016, PBF LLC had outstanding notes payable with PBF Energy for an aggregate principal amount of $292,844 and $190,093, respectively. In the first quarter of 2017, PBF LLC converted the full amount of outstanding affiliate notes payable from PBF Holding of $86,298 to a capital contribution. Therefore, as of December 31, 2017, PBF Holding had no outstanding affiliate notes payable with PBF Energy ($86,298 outstanding as of December 31, 2016). The notes have an interest rate of 2.5% and a 5-year term but may be prepaid in whole or in part at any time, at the option of the payor without penalty or premium.

11. MARKETABLE SECURITIES

The U.S. Treasury securities purchased by the Company with the proceeds from the PBFX initial public offering are used as collateral to secure the PBFX Term Loan. As necessary and at the discretion of PBFX, these

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securities are expected to be liquidated and the proceeds used to fund future capital expenditures. While PBFX does not routinely sell marketable securities prior to their scheduled maturity dates, some of PBFX s investments may be held and restricted for the purpose of funding future capital expenditures and acquisitions, so these investments are classified as available-for-sale marketable securities as they may occasionally be sold prior to their scheduled maturity dates due to the unexpected timing of cash needs. The carrying value of these marketable securities approximates fair value and are measured using Level 1 inputs. The marketable securities were fully liquidated as of December 31, 2017 and the PBFX Term Loan that they collateralized was repaid in full.

As of December 31, 2016, the Company held $40,024 in marketable securities. The gross unrecognized holding gains and losses as of December 31, 2017 and December 31, 2016 were not material. The net realized gains or losses from the sale of marketable securities were not material for the years ended December 31, 2017 and December 31, 2016.

12. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following:

	December 31, 2017	December 31, 2016
Defined benefit pension plan liabilities	$ 63,579	$ 60,141
Post-retirement medical plan liabilities	21,527	22,740
Environmental liabilities	140,403	145,928
Other	336	312
Total Other long-term liabilities	$ 225,845	$ 229,121

13. RELATED PARTY TRANSACTIONS

The Company has an agreement with the former Executive Chairman of the Board of Directors, for the use of an airplane that is owned by a company owned by the former Executive Chairman. The Company pays a charter rate that is the lowest rate at which this aircraft is chartered to third-parties. For the year ended December 31, 2017, the Company did not incur any charges related to the use of this airplane. For the years ended December 31, 2016 and 2015, the Company incurred charges of $824 and $957, respectively, related to the use of this airplane.

Effective July 1, 2016, PBF Investments LLC entered into a Consulting Services Agreement with the former Executive Chairman of the Board of Directors for executive consultation with respect to strategic, operational, business and financial matters. Consulting payments made under this agreement were $900 and $500 for the years ended December 31, 2017 and 2016, respectively, and payments are expected to be $900 annually through the agreement expiration date of December 31, 2018.

As of December 31, 2017, the former Executive Chairman of the Board of Directors is no longer considered a related party.

Pursuant to the amended and restated limited liability company agreement of PBF LLC, the holders of PBF LLC Series B Units are entitled to an interest in the amounts received by Blackstone and First Reserve in excess of their original investment in the form of PBF LLC distributions and from the shares of PBF Energy Class A Common Stock issuable to Blackstone and First Reserve (for their own account and on behalf of the holders of PBF LLC Series B Units) upon an exchange, and the proceeds from the sale of such shares. Such proceeds

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received by Blackstone and First Reserve are distributed to the holders of the PBF LLC Series B Units in accordance with the distribution percentages specified in the PBF LLC amended and restated limited liability company agreement. There were no distributions to PBF LLC Series B Unit holders for the year ended December 31, 2017. The total amount distributed to the PBF LLC Series B Unit holders for the years ended December 31, 2016 and 2015 was $6,152 and $19,592, respectively.

14. COMMITMENTS AND CONTINGENCIES

Lease and Other Commitments

The Company leases office space, office equipment, refinery facilities and equipment, and railcars under non-cancelable operating leases, with terms ranging from one to twenty years, subject to certain renewal options as applicable. Total rent expense was $125,433, $129,768, and $126,060 for the years ended December 31, 2017, 2016 and 2015, respectively. The Company is party to agreements which provide for the treatment of wastewater and the supply of hydrogen and steam for certain of its refineries. The Company made purchases of $64,050, $53,364 and $36,139 under these supply agreements for the years ended December 31, 2017, 2016 and 2015, respectively.

The fixed and determinable amounts of the obligations under these agreements and total minimum future annual rentals, exclusive of related costs, are approximately:

Year Ending December 31,	
2018	$ 141,421
2019	122,775
2020	109,272
2021	89,163
2022	48,530
Thereafter	169,704
Total	$ 680,865

Employment Agreements

PBF Investments (PBFI) has entered into amended and restated employment agreements with members of executive management and certain other key personnel that include automatic annual renewals, unless canceled. Under some of the agreements, certain of the executives would receive a lump sum payment of between one and a half to 2.99 times their base salary and continuation of certain employee benefits for the same period upon termination by the Company Without Cause , or by the employee For Good Reason , or upon a Change in Control , as defined in the agreements. Upon death or disability, certain of the Company s executives, or their estates, would receive a lump sum payment of at least one half of their base salary.

Environmental Matters

The Company s refineries, pipelines and related operations are subject to extensive and frequently changing federal, state and local laws and regulations, including, but not limited to, those relating to the discharge of materials into the environment or that otherwise relate to the protection of the environment, waste management and the characteristics and the compositions of fuels. Compliance with existing and anticipated laws and regulations can increase the overall cost of operating the refineries, including remediation, operating costs and capital costs to construct, maintain and upgrade equipment and facilities.

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In connection with the Paulsboro refinery acquisition, the Company assumed certain environmental remediation obligations. The Paulsboro environmental liability of $10,282 recorded as of December 31, 2017 ($10,792 as of December 31, 2016) represents the present value of expected future costs discounted at a rate of 8.0%. At December 31, 2017 the undiscounted liability is $15,804 and the Company expects to make aggregate payments for this liability of $6,095 over the next five years. The current portion of the environmental liability is recorded in Accrued expenses and the non-current portion is recorded in Other long-term liabilities. As of December 31, 2017 and 2016, this liability is self-guaranteed by the Company.

In connection with the acquisition of the Delaware City assets, Valero Energy Corporation (Valero) remains responsible for certain pre-acquisition environmental obligations up to $20,000 and the predecessor to Valero in ownership of the refinery retains other historical obligations.

In connection with the acquisition of the Delaware City assets and the Paulsboro refinery, the Company and Valero purchased ten year, $75,000 environmental insurance policies to insure against unknown environmental liabilities at each site. In connection with the Toledo refinery acquisition, Sunoco, Inc. (R&M) remains responsible for environmental remediation for conditions that existed on the closing date for twenty years from March 1, 2011, subject to certain limitations.

In connection with the acquisition of the Chalmette refinery, the Company obtained $3,936 in financial assurance (in the form of a surety bond) to cover estimated potential site remediation costs associated with an agreed to Administrative Order of Consent with the EPA. The estimated cost assumes remedial activities will continue for a minimum of 30 years. Further, in connection with the acquisition of the Chalmette refinery, the Company purchased a ten year, $100,000 environmental insurance policy to insure against unknown environmental liabilities at the refinery. At the time the Company acquired Chalmette refinery it was subject to a Consolidated Compliance Order and Notice of Potential Penalty (the Order) issued by the Louisiana Department of Environmental Quality (LDEQ) covering deviations from 2009 and 2010. Chalmette Refining and LDEQ subsequently entered into a dispute resolution agreement to negotiate the resolution of deviations inside and outside the periods covered by the Order. Although a settlement agreement has not been finalized, the administrative penalty is anticipated to be approximately $741, including beneficial environmental projects. To the extent the administrative penalty exceeds such amount, it is not expected to be material to the Company.

The Delaware City refinery is appealing a Notice of Penalty Assessment and Secretary s Order issued in March 2017, including a $150 fine, alleging violations of a 2013 Secretary s Order authorizing crude oil shipment by barge. DNREC determined that the Delaware City refinery had violated the 2013 order by failing to make timely and full disclosure to DNREC about the nature and extent of those shipments, and had misrepresented the number of shipments that went to other facilities. The Penalty Assessment and Secretary s Order conclude that the 2013 Secretary s Order was violated by the Delaware City refinery by shipping crude oil from the Delaware City terminal to three locations other than the Paulsboro refinery, on 15 days in 2014, making a total of 17 separate barge shipments containing approximately 35.7 million gallons of crude oil in total. On April 28, 2017, the Delaware City refinery appealed the Notice of Penalty Assessment and Secretary s Order. On March 5, 2018, Notice of Penalty Assessment was settled by DNREC, the Delaware Attorney General and Delaware City refinery for $100. The Delaware City refinery made no admissions with respect to the alleged violations and agreed to request a Coastal Zone Act status decision prior to making crude oil shipments to destinations other than Paulsboro.

On December 28, 2016, DNREC issued a Coastal Zone Act permit (the Ethanol Permit) to DCR allowing the utilization of existing tanks and existing marine loading equipment at their existing facilities to enable denatured ethanol to be loaded from storage tanks to marine vessels and shipped to offsite facilities. On January 13, 2017,

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the issuance of the Ethanol Permit was appealed by two environmental groups. On February 27, 2017, the Coastal Zone Industrial Board (the Coastal Zone Board) held a public hearing and dismissed the appeal, determining that the appellants did not have standing. The appellants filed an appeal of the Coastal Zone Board s decision with the Delaware Superior Court (the Superior Court) on March 30, 2017. On January 19, 2018, the Superior Court rendered an Opinion regarding the decision of the Coastal Zone Board to dismiss the appeal of the Ethanol Permit for the ethanol project. The Judge determined that the record created by the Coastal Zone Board was insufficient for the Superior Court to make a decision, and therefore remanded the case back to the Coastal Zone Board to address the deficiency in the record. Specifically, the Superior Court directed the Coastal Zone Board to address any evidence concerning whether the appellants claimed injuries would be affected by the increased quantity of ethanol shipments. During the hearing before the Coastal Zone Board on standing, one of the appellants witnesses made a reference to the flammability of ethanol, without any indication of the significance of flammability/explosivity to specific concerns. Moreover, the appellants did not introduce at hearing any evidence of the relative flammability of ethanol as compared to other materials shipped to and from the refinery. However, the sole dissenting opinion from the Coastal Zone Board focused on the flammability/explosivity issue, alleging that the appellants testimony raised the issue as a distinct basis for potential harms. Once the Coastal Zone Board responds to the remand, it will go back to the Superior Court to complete its analysis and issue a decision.

In connection with the acquisition of the Torrance refinery and related logistics assets, the Company assumed certain pre-existing environmental liabilities totaling $136,487 as of December 31, 2017 ($142,456 as of December 31, 2016), related to certain environmental remediation obligations to address existing soil and groundwater contamination and monitoring activities and other clean-up activities, which reflects the current estimated cost of the remediation obligations. The Company expects to make aggregate payments for this liability of $32,426 over the next five years. The current portion of the environmental liability is recorded in Accrued expenses and the non-current portion is recorded in Other long-term liabilities. In addition, in connection with the acquisition of the Torrance refinery and related logistics assets, the Company purchased a ten year, $100,000 environmental insurance policy to insure against unknown environmental liabilities. Furthermore, in connection with the acquisition, the Company assumed responsibility for certain specified environmental matters that occurred prior to the Company s ownership of the refinery and the logistics assets, including specified incidents and/or notices of violations (NOVs) issued by regulatory agencies in various years before the Company s ownership, including the Southern California Air Quality Management District (SCAQMD) and the Division of Occupational Safety and Health of the State of California (Cal/OSHA).

Additionally, subsequent to the acquisition, further NOVs were issued by the SCAQMD, Cal/OSHA, the City of Torrance and the City of Torrance Fire Department related to alleged operational violations, emission discharges and/or flaring incidents at the refinery and the logistics assets both before and after the Company s acquisition. In addition, subsequent to the acquisition, EPA and the California Department of Toxic Substances Control (DTSC) conducted inspections related to Torrance operations and issued preliminary findings related to potential operational violations. On March 1, 2018, the Company received a notice of intent to sue from Environmental Integrity Project, on behalf of Environment California, under the Resource Conservation and Recovery Act with respect to the alleged violations from EPA s and DTSC s inspections. On March 2, 2018, DTSC issued an order to correct alleged violations relating to the accumulation of oil bearing materials. No settlement or penalty demands have been received to date with respect to any of the NOVs, preliminary findings, or order that are in excess of $100. As the ultimate outcomes are uncertain, the Company cannot currently estimate the final amount or timing of their resolution. It is reasonably possible that SCAQMD, Cal/OSHA, the City of Torrance, EPA and/or DTSC will assess penalties in excess of $100 but any such amount is not expected to have a material impact on the Company s financial position, results of operations or cash flows, individually or in the aggregate.

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In connection with the PBFX Plains Asset Purchase, PBFX is responsible for the environmental remediation costs for conditions that existed on the closing date up to a maximum of $250 per year for ten years, with Plains All American Pipeline, L.P. remaining responsible for any and all additional costs above such amounts during such period. The environmental liability of $1,923 recorded as of December 31, 2017 ($2,173 as of December 31, 2016) represents the present value of expected future costs discounted at a rate of 1.83%. At December 31, 2017 the undiscounted liability is $2,087 and PBFX expects to make aggregate payments for this liability of $1,250 over the next five years. The current portion of the environmental liability is recorded in Accrued expenses and the noncurrent portion is recorded in Other long-term liabilities.

Applicable Federal and State Regulatory Requirements

The Company s operations and many of the products it manufactures are subject to certain specific requirements of the Clean Air Act (the CAA) and related state and local regulations. The CAA contains provisions that require capital expenditures for the installation of certain air pollution control devices at the Company s refineries. Subsequent rule making authorized by the CAA or similar laws or new agency interpretations of existing rules, may necessitate additional expenditures in future years.

In 2010, New York State adopted a Low-Sulfur Heating Oil mandate that, beginning July 1, 2012, requires all heating oil sold in New York State to contain no more than 15 parts per million (PPM) sulfur. Since July 1, 2012, other states in the Northeast market began requiring heating oil sold in their state to contain no more than 15 PPM sulfur. Currently, all of the Northeastern states and Washington DC. have adopted sulfur controls on heating oil. Most of the Northeastern states will now require heating oil with 15 PPM or less sulfur by July 1, 2018 (except for Pennsylvania and Maryland where less than 500 PPM sulfur is required). All of the heating oil the Company currently produces meets these specifications. The mandate and other requirements do not currently have a material impact on the Company s financial position, results of operations or cash flows.

The EPA issued the final Tier 3 Gasoline standards on March 3, 2014 under the CAA. This final rule establishes more stringent vehicle emission standards and further reduces the sulfur content of gasoline starting in January 2017. The new standard is set at 10 PPM sulfur in gasoline on an annual average basis starting January 1, 2017, with a credit trading program to provide compliance flexibility. The EPA responded to industry comments on the proposed rule and maintained the per gallon sulfur cap on gasoline at the existing 80 PPM cap. The refineries are complying with these new requirements as planned, either directly or using flexibility provided by sulfur credits generated or purchased in advance as an economic optimization. The standards set by the new rule are not expected to have a material impact on the Company s financial position, results of operations or cash flows.

In November 2017, the EPA issued final 2018 RFS standards that will slightly increase renewable volume standards from final 2017 levels. It is not clear that renewable fuel producers will be able to produce the volumes of these fuels required for blending in accordance with the 2018 standards. Despite decreasing 7% in comparison to 2017, the final 2018 cellulosic standard is still set at approximately 125% of the 2016 standard. It is likely that cellulosic RIN production will be lower than needed forcing obligated parties, such as us, to purchase cellulosic waiver credits to comply in 2018 (the waiver credit option by regulation is only available for the cellulosic standard). The advanced and total RIN requirements were kept relatively flat in comparison to 2017, but remain 19% and 7% higher than final 2016 levels. Production of advanced RINs has been below what is needed for compliance in 2017 and obligated parties, such as us, will likely continue to rely on the nesting feature of the biodiesel RIN to comply with the advanced standard in 2018. Consistent with 2017, compliance in 2018 will likely rely on obligated parties drawing down the supply of excess RINs collectively known as the RIN bank and could tighten the RIN market potentially raising RIN prices further. While a proposal to change the point of obligation under the RFS program to the blender of renewable fuels was denied by the EPA in November of

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2017, we remain hopeful that the current presidential administration will initiate necessary changes to the RFS program in the future and provide relief to us and other downstream refiners that continue to feel the burden of increased costs to comply with RFS.

In addition, on December 1, 2015 the EPA finalized revisions to an existing air regulation concerning Maximum Achievable Control Technologies (MACT) for Petroleum Refineries. The regulation requires additional continuous monitoring systems for eligible process safety valves relieving to atmosphere, minimum flare gas heat (Btu) content, and delayed coke drum vent controls to be installed by January 30, 2019. In addition, a program for ambient fence line monitoring for benzene was implemented prior to the deadline of January 30, 2018. The Company is in the process of implementing the requirements of this regulation. The regulation does not have a material impact on the Company s financial position, results of operations or cash flows.

The EPA published a Final Rule to the Clean Water Act (CWA) Section 316(b) in August 2014 regarding cooling water intake structures, which includes requirements for petroleum refineries. The purpose of this rule is to prevent fish from being trapped against cooling water intake screens (impingement) and to prevent fish from being drawn through cooling water systems (entrainment). Facilities will be required to implement Best Technology Available (BTA) as soon as possible, but state agencies have the discretion to establish implementation time lines. The Company continues to evaluate the impact of this regulation, and at this time does not anticipate it having a material impact on the Company s financial position, results of operations or cash flows.

As a result of the Torrance Acquisition, the Company is subject to greenhouse gas emission control regulations in the state of California pursuant to AB32. AB32 imposes a statewide cap on greenhouse gas emissions, including emissions from transportation fuels, with the aim of returning the state to 1990 emission levels by 2020. AB32 is implemented through two market mechanisms including the Low Carbon Fuel Standard (LCFS) and Cap and Trade, which was extended for an additional 10 years to 2030 in July 2017. The Company is responsible for the AB32 obligations related to the Torrance refinery beginning on July 1, 2016 and must purchase emission credits to comply with these obligations. Additionally, in September 2016, the state of California enacted Senate Bill 32 (SB32) which further reduces greenhouse gas emissions targets to 40 percent below 1990 levels by 2030.

However, subsequent to the acquisition, the Company is recovering the majority of these costs from its customers, and as such does not expect this obligation to materially impact the Company s financial position, results of operations, or cash flows. To the degree there are unfavorable changes to AB32 or SB32 regulations or the Company is unable to recover such compliance costs from customers, these regulations could have a material adverse effect on our financial position, results of operations and cash flows.

The Company is subject to obligations to purchase RINs. On February 15, 2017, the Company received a notification that EPA records indicated that PBF Holding used potentially invalid RINs that were in fact verified under the EPA s RIN Quality Assurance Program (QAP) by an independent auditor as QAP A RINs. Under the regulations, use of potentially invalid QAP A RINs provided the user with an affirmative defense from civil penalties provided certain conditions are met. The Company has asserted the affirmative defense and if accepted by the EPA will not be required to replace these RINs and will not be subject to civil penalties under the program. It is reasonably possible that the EPA will not accept the Company s defense and may assess penalties in these matters but any such amount is not expected to have a material impact on the Company s financial position, results of operations or cash flows.

As of January 1, 2011, the Company is required to comply with the EPA s Control of Hazardous Air Pollutants From Mobile Sources, or MSAT2, regulations on gasoline that impose reductions in the benzene content of its

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produced gasoline. The Company purchases benzene credits to meet these requirements. The Company s planned capital projects will reduce the amount of benzene credits that it needs to purchase. In addition, the renewable fuel standards mandate the blending of prescribed percentages of renewable fuels (e.g., ethanol and biofuels) into the Company s produced gasoline and diesel. These new requirements, other requirements of the CAA and other presently existing or future environmental 25 regulations may cause the Company to make substantial capital expenditures as well as the purchase of credits at significant cost, to enable its refineries to produce products that meet applicable requirements.

The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), also known as Superfund, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current or former owner or operator of the disposal site or sites where the release occurred and companies that disposed of or arranged for the disposal of the hazardous substances. Under CERCLA, such persons may be subject to joint and several liability for investigation and the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. As discussed more fully above, certain of the Company s sites are subject to these laws and the Company may be held liable for investigation and remediation costs or claims for natural resource damages. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment. Analogous state laws impose similar responsibilities and liabilities on responsible parties. In the Company s current normal operations, it has generated waste, some of which falls within the statutory definition of a hazardous substance and some of which may have been disposed of at sites that may require cleanup under Superfund.

The Company is also currently subject to certain other existing environmental claims and proceedings. The Company believes that there is only a remote possibility that future costs related to any of these other known contingent liability exposures would have a material impact on its financial position, results of operations or cash flows.

PBF LLC Limited Liability Company Agreement

The holders of limited liability company interests in PBF LLC, including PBF Energy, generally have to include for purposes of calculating their U.S. federal, state and local income taxes their share of any taxable income of PBF LLC, regardless of whether such holders receive cash distributions from PBF LLC. PBF Energy ultimately may not receive cash distributions from PBF LLC equal to its share of such taxable income or even equal to the actual tax due with respect to that income. For example, PBF LLC is required to include in taxable income PBF LLC s allocable share of PBFX s taxable income and gains (such share to be determined pursuant to the partnership agreement of PBFX), regardless of the amount of cash distributions received by PBF LLC from PBFX, and such taxable income and gains will flow-through to PBF Energy to the extent of its allocable share of the taxable income of PBF LLC. As a result, at certain times, the amount of cash otherwise ultimately available to PBF Energy on account of its indirect interest in PBFX may not be sufficient for PBF Energy to pay the amount of taxes it will owe on account of its indirect interests in PBFX.

Taxable income of PBF LLC generally is allocated to the holders of PBF LLC units (including PBF Energy) pro-rata in accordance with their respective share of the net profits and net losses of PBF LLC. In general, PBF LLC is required to make periodic tax distributions to the members of PBF LLC, including PBF Energy, pro-rata in accordance with their respective percentage interests for such period (as determined under the amended and restated limited liability company agreement of PBF LLC), subject to available cash and applicable law and

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contractual restrictions (including pursuant to our debt instruments) and based on certain assumptions. Generally, these tax distributions are required to be in an amount equal to our estimate of the taxable income of PBF LLC for the year multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses). If, with respect to any given calendar year, the aggregate periodic tax distributions were less than the actual taxable income of PBF LLC multiplied by the assumed tax rate, PBF LLC is required to make a true up tax distribution, no later than March 15 of the following year, equal to such difference, subject to the available cash and borrowings of PBF LLC. PBF LLC generally obtains funding to pay its tax distributions by causing PBF Holding to distribute cash to PBF LLC and from distributions it receives from PBFX.

Tax Receivable Agreement

PBF Energy (the Company s indirect parent) entered into a tax receivable agreement with the PBF LLC Series A and PBF LLC Series B Unit holders (the Tax Receivable Agreement) that provides for the payment by PBF Energy to such persons of an amount equal to 85% of the amount of the benefits, if any, that PBF Energy is deemed to realize as a result of (i) increases in tax basis, as described below, and (ii) certain other tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement. For purposes of the Tax Receivable Agreement, the benefits deemed realized by PBF Energy will be computed by comparing the actual income tax liability of PBF Energy (calculated with certain assumptions) to the amount of such taxes that PBF Energy would have been required to pay had there been no increase to the tax basis of the assets of PBF LLC as a result of purchases or exchanges of PBF LLC Series A Units for shares of PBF Energy s Class A common stock and had PBF Energy not entered into the Tax Receivable Agreement. The term of the Tax Receivable Agreement will continue until all such tax benefits have been utilized or expired unless: (i) PBF Energy exercises its right to terminate the Tax Receivable Agreement, (ii) PBF Energy breaches any of its material obligations under the Tax Receivable Agreement or (iii) certain changes of control occur, in which case all obligations under the Tax Receivable Agreement will generally be accelerated and due as calculated under certain assumptions.

The payment obligations under the Tax Receivable Agreement are obligations of PBF Energy and not of PBF LLC or PBF Holding. In general, PBF Energy expects to obtain funding for these annual payments from PBF LLC, primarily through tax distributions, which PBF LLC makes on a pro-rata basis to its owners. Such owners include PBF Energy, which holds a 96.7% and 96.5% interest in PBF LLC as of December 31, 2017 and December 31, 2016, respectively. PBF LLC generally obtains funding to pay its tax distributions by causing PBF Holding to distribute cash to PBF LLC and from distributions it receives from PBFX. As a result of the reduction of the corporate federal tax rate from 35% to 21% as part of the Tax Cut Jobs Act (TCJA), PBF Energy s liability associated with the Tax Receivable Agreement was reduced.

15. MEMBERS EQUITY STRUCTURE

PBF LLC Capital Structure

PBF LLC Series A Units

The allocation of profits and losses and distributions to PBF LLC Series A unit holders is governed by the Limited Liability Company Agreement of PBF LLC. These allocations are made on a pro rata basis with PBF LLC Series C Units. PBF LLC Series A unit holders do not have voting rights.

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PBF LLC Series B Units

The PBF LLC Series B Units are intended to be profit interests within the meaning of Revenue Procedures 93-27 and 2001-43 of the Internal Revenue Service and have a stated value of zero at issuance. The PBF LLC Series B Units are held by certain of the Company s current and former officers, have no voting rights and are designed to increase in value only after the Company s financial sponsors achieve certain levels of return on their investment in PBF LLC Series A Units. Accordingly, the amounts paid to the holders of PBF LLC Series B Units, if any, will reduce only the amounts otherwise payable to the PBF LLC Series A Units held by the Company s financial sponsors, and will not reduce or otherwise impact any amounts payable to PBF Energy (the holder of PBF LLC Series C Units), the holders of PBF Energy s Class A common stock or any other holder of PBF LLC Series A Units. The maximum number of PBF LLC Series B Units authorized to be issued is 1,000,000.

PBF LLC Series C Units

The PBF LLC Series C Units rank on a parity with the PBF LLC Series A Units as to distribution rights, voting rights and rights upon liquidation, winding up or dissolution. PBF LLC Series C Units are held solely by PBF Energy.

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Information about the issued classes of PBF LLC units for the years ended December 31, 2017, 2016 and 2015, is as follows:

	Series A Units	Series B Units	Series C Units
Balance January 1, 2015	9,170,696	1,000,000	81,981,119
Secondary offering transaction	(3,804,653)		3,804,653
Issuances of restricted stock			247,720
Exercise of warrants and options	149,974		12,766
Exchange of Series A Units for Class A common stock of PBF Energy Inc.	(529,178)		529,178
Redemption of C Units in connection with stock repurchase			(284,771)
Surrender of units for tax withholding	(1,481)		(8,732)
Purchase of Series C units in connection with the October 2015 Equity Offering			11,500,000
Balance December 31, 2015	4,985,358	1,000,000	97,781,933
Issuance of restricted stock			320,458
Exercise of warrants and options	25,550		11,650
Exchange of Series A Units for Class A common stock of PBF Energy Inc.	(1,090,006)		1,090,006
Purchase of Series C units in connection with the December 2016 Equity Offering			10,000,000
Balance December 31, 2016	3,920,902	1,000,000	109,204,047
Issuance of restricted stock			702,404
Exercise of warrants and options	64,373		462,500
Exchange of Series A Units for Class A common stock of PBF Energy Inc.	(196,580)		196,580
Redemption of Series A Units by PBF Energy	(21,231)		21,231
Balance December 31, 2017	3,767,464	1,000,000	110,586,762

The warrants and options exercised in the table above include both non-compensatory and compensatory PBF LLC Series A warrants and options.

Repurchase Program

PBF Energy s Board of Directors authorized the repurchase of up to $300,000 of the Company s Series C Units, through the repurchase of PBF Energy s Class A common stock (the Repurchase Program). On September 26, 2016, PBF Energy s Board of Directors approved a two year extension to the Repurchase Program. As a result of the extension, the Repurchase Program will expire on September 30, 2018. From inception of the Repurchase Program through December 31, 2017, the Company has purchased approximately 6.05 million of the Company s Series C Units under the Repurchase Program, for a total of $150,804 through the purchase of PBF Energy s Class A common stock in open market transactions. No repurchases of the Company s Series C Units were made during the years ended December 31, 2017 or December 31, 2016.

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These repurchases of Series C Units through the repurchases of PBF Energy Class A common stock may be made from time to time through various methods, including open market transactions, block trades, accelerated share repurchases, privately negotiated transactions or otherwise, certain of which may be effected through Rule 10b5-1 and Rule 10b-18 plans. The timing and number of units repurchased will depend on a variety of factors, including price, capital availability, legal requirements and economic and market conditions. The Company is not obligated to purchase any units under the Repurchase Program, and repurchases may be suspended or discontinued at any time without prior notice.

As of December 31, 2017, the Company had $149,196 remaining in authorized expenditures under the Repurchase Program.

The Company also records Series A units surrendered to cover income tax withholdings for certain directors and employees and others pursuant to the vesting of certain awards under the Company s equity-based compensation plans as treasury shares.

16. NONCONTROLLING INTERESTS

Noncontrolling Interest in PBFX

PBF LLC holds a 44.1% limited partner interest in PBFX and all of PBFX s IDRs, with the remaining 55.9% limited partner interest owned by public common unit holders as of December 31, 2017. PBF LLC is also the sole member of PBF GP, the general partner of PBFX.

PBF Energy, through its ownership of PBF LLC, consolidates the financial results of PBFX, and records a noncontrolling interest for the economic interest in PBFX held by the public common unit holders. Noncontrolling interest on the consolidated statements of operations includes the portion of net income or loss attributable to the economic interest in PBFX held by the public common unit holders of PBFX other than PBF Energy (through its ownership in PBF LLC). Noncontrolling interest on the consolidated balance sheets includes the portion of net assets of PBFX attributable to the public common unit holders of PBFX.

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The noncontrolling interest ownership percentages in PBFX as of the DCR Products Pipeline and Truck Rack Acquisition, the 2016 PBFX Equity Offerings and the years ended December 31, 2017, 2016 and 2015 are calculated as follows:

	Units of PBFX Held by the Public	**Units of PBFX Held by PBF LLC (Including Subordinated Units)**	**Total**
January 1, 2015	15,812,500	17,171,077	32,983,577
	47.9%	52.1%	100.0%
May 15, 2015	15,812,500	18,459,497	34,271,997
	46.1%	53.9%	100.0%
December 31, 2015	15,924,676	18,459,497	34,384,173
	46.3%	53.7%	100.0%
April 5, 2016	18,799,676	18,459,497	37,259,173
	50.5%	49.5%	100.0%
August 17, 2016	22,893,472	18,459,497	41,352,969
	55.4%	44.6%	100.0%
December 31, 2016	23,271,174	18,459,497	41,730,671
	55.8%	44.2%	100.0%
December 31, 2017	23,441,211	18,459,497	41,900,708
	55.9%	44.1%	100.0%

Noncontrolling Interest in PBF Holding

In connection with the Chalmette Acquisition, PBF Holding recorded noncontrolling interests in two subsidiaries of Chalmette Refining. PBF Holding, through Chalmette Refining, owns an 80% ownership interest in both Collins Pipeline Company and T&M Terminal Company. The Company recorded a noncontrolling interest in the earnings of these subsidiaries of $95 and $269 for the years ended December 31, 2017 and 2016, respectively.

The following table summarizes the changes in equity for the controlling and noncontrolling interests of PBF LLC for the years ended December 31, 2017 and 2016:

	PBF LLC Equity	**Noncontrolling Interest in PBFX**	**Noncontrolling Interest in PBF**	**Total Equity**

			Holding	
Balance at January 1, 2017	$ 2,040,851	$ 434,456	$ 12,513	$ 2,487,820
Comprehensive income	499,103	51,073	95	550,271
Dividends and distributions	(136,367)	(44,636)	(1,800)	(182,803)
Grant of restricted shares	1,038			1,038
Stock-based compensation	21,503	5,345		26,848
Exercise of PBF LLC options and warrants, net	(598)			(598)
Purchase of treasury stock	(1,038)			(1,038)
Other	(2,081)	(954)		(3,035)
Balance at December 31, 2017	$ 2,422,411	$ 445,284	$ 10,808	$ 2,878,503

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	PBF LLC Equity	Noncontrolling Interest in PBFX	Noncontrolling Interest in PBF Holding	Total Equity
Balance at January 1, 2016	$ 1,551,853	$ 340,317	$ 17,225	$ 1,909,395
Comprehensive income	278,296	39,840	269	318,405
Dividends and distributions	(139,433)	(33,714)		(173,147)
Issuance of additional PBFX common units	54,944	83,434		138,378
Grant of restricted shares	743			743
Stock-based compensation	18,296	4,360		22,656
Exercise of PBF LLC options and warrants, net	886			886
Purchase of Series C units in connection with the December 2016 Equity Offering	275,300			275,300
Purchase of treasury stock	(743)			(743)
Other	709	219	(4,981)	(4,053)
Balance at December 31, 2016	$ 2,040,851	$ 434,456	$ 12,513	$ 2,487,820

Comprehensive Income

Comprehensive income includes net income and other comprehensive income (loss) arising from activity related to the Company s defined employee benefit plan and unrealized gain on available-for-sale securities. The following table summarizes the allocation of total comprehensive income between the controlling and noncontrolling interests of PBF LLC for the year ended December 31, 2017:

	Attributable to PBF LLC	Noncontrolling Interests	Total
Net income	$ 500,077	$ 51,168	$ 551,245
Other comprehensive loss:			
Unrealized loss on available for sale securities	(24)		(24)
Net loss on pension and other post-retirement benefits	(950)		(950)
Total other comprehensive loss	(974)		(974)

Total comprehensive income	$	499,103	$	51,168	$ 550,271

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The following table summarizes the allocation of total comprehensive income of PBF LLC between the controlling and noncontrolling interests for the year ended December 31, 2016:

	Attributable to PBF LLC	Noncontrolling Interest	Total
Net income	$ 280,888	$ 40,109	$ 320,997
Other comprehensive loss:			
Unrealized loss on available for sale securities	(42)		(42)
Net loss on pension and other post-retirement benefits	(2,550)		(2,550)
Total other comprehensive loss	(2,592)		(2,592)
Total comprehensive income	$ 278,296	$ 40,109	$ 318,405

The following table summarizes the allocation of total comprehensive income of PBF LLC between the controlling and noncontrolling interests for the year ended December 31, 2015:

	Attributable to PBF LLC	Noncontrolling Interest	Total
Net income	$ 226,312	$ 34,880	$ 261,192
Other comprehensive income:			
Unrealized gain on available for sale securities	124		124
Net gain on pension and other post-retirement benefits	1,982		1,982
Total other comprehensive income	2,106		2,106
Total comprehensive income	$ 228,418	$ 34,880	$ 263,298

17. STOCK-BASED COMPENSATION

Stock-based compensation expense included in general and administrative expenses consisted of the following:

	Years Ended December 31,		
	2017	2016	2015
PBF Energy options	$ 9,369	$ 11,020	$ 7,528
PBF Energy restricted shares	12,134	7,276	1,690
PBFX Phantom Units	5,345	4,360	4,279
	$ 26,848	$ 22,656	$ 13,497

PBF LLC Series A warrants and options

PBF LLC granted compensatory warrants to employees of the Company in connection with their purchase of Series A units in PBF LLC. The warrants grant the holder the right to purchase PBF LLC Series A Units. One-quarter of the PBF LLC Series A compensatory warrants were exercisable at the date of grant and the remaining three-quarters become exercisable over equal annual installments on each of the first three

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anniversaries of the grant date subject to acceleration in certain circumstances. They are exercisable for ten years from the date of grant. The remaining warrants became fully exercisable in connection with the IPO of PBF Energy.

In addition, options to purchase PBF LLC Series A units were granted to certain employees, management and directors of PBF Energy. Options vest over equal annual installments on each of the first three anniversaries of the grant date subject to acceleration in certain circumstances. The options are exercisable for ten years from the date of grant.

The Company did not issue PBF LLC Series A Unit compensatory warrants or options in 2017, 2016 or 2015.

The following table summarizes activity for PBF LLC Series A compensatory warrants and options for the years ended December 31, 2017, 2016 and 2015:

	Number of PBF LLC Series A Compensatory Warrants and Options	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life (in years)**
Stock Based Compensation, Outstanding at January 1, 2015	801,479	$ 10.53	6.41
Exercised	(160,700)	10.28	
Forfeited			
Outstanding at December 31, 2015	640,779	$ 10.59	5.46
Exercised	(27,833)	10.00	
Forfeited			
Outstanding at December 31, 2016	612,946	$ 10.62	4.47
Exercised	(126,634)	10.17	
Forfeited			
Outstanding at December 31, 2017	486,312	$ 10.73	3.52
	486,312	$ 10.73	3.52

Exercisable and vested at December 31, 2017				
Exercisable and vested at December 31, 2016	612,946	$	10.62	4.47
Exercisable and vested at December 31, 2015	640,779	$	10.59	5.46
Expected to vest at December 31, 2017	486,312	$	10.73	3.52

The total intrinsic value of stock options both outstanding and exercisable at December 31, 2017 and December 31, 2016 was $12,016 and $10,577, respectively. The total intrinsic value of stock options exercised during the years ended December 31, 2017, 2016, and 2015 was $2,301, $461, and $3,452, respectively.

There was no unrecognized compensation expense related to PBF LLC Series A warrants and options at December 31, 2017 or 2016.

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Prior to 2014, members of management of the Company had also purchased non-compensatory Series A warrants in PBF LLC with an exercise price of $10.00 per unit, all of which were immediately exercisable. There were no non-compensatory warrants exercised during the years ended December 31, 2017 and December 31, 2016. At December 31, 2017 and 2016, there were 32,719 non-compensatory warrants outstanding, respectively.

PBF LLC Series B Units

PBF LLC Series B Units were issued and allocated to certain members of management during the years ended December 31, 2011 and 2010. One-quarter of the PBF LLC Series B Units vested at the time of grant and the remaining three-quarters vested in equal annual installments on each of the first three anniversaries of the grant date, subject to accelerated vesting upon certain events. The Series B Units fully vested during the year ended December 31, 2013. There was no activity related to the Series B units for the years ended December 31, 2017, 2016 or 2015.

PBF Energy options and restricted stock

PBF Energy grants awards of its Class A common stock under its equity incentive plans which authorize the granting of various stock and stock-related awards to directors, employees, prospective employees and non-employees. Awards include options to purchase shares of Class A common stock and restricted Class A common stock that vest over a period determined by the plans.

The PBF Energy options and restricted Class A common stock vest in equal annual installments on each of the first four anniversaries of the grant date subject to acceleration in certain circumstances. The options are exercisable for ten years from the date of grant.

The following table summarizes activity for PBF Energy restricted stock for the years ended December 31, 2017, 2016 and 2015.

	Number of PBF Energy Restricted Class A Common Stock	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2015	85,288	$ 31.49
Granted	247,720	30.97
Vested	(38,128)	32.84
Forfeited		

Nonvested at December 31, 2015	294,880	$	30.87
Granted	360,820		22.44
Vested	(134,331)		31.43
Forfeited			
Nonvested at December 31, 2016	521,369	$	24.89
Granted	762,425		25.86
Vested	(172,978)		24.99
Forfeited	(15,100)		24.18
Nonvested at December 31, 2017	1,095,716	$	25.56

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The estimated fair value of PBF Energy options granted during the years ended December 31, 2017, 2016 and 2015 was determined using the Black-Scholes pricing model with the following weighted average assumptions:

	December 31, 2017	December 31, 2016	December 31, 2015
Expected life (in years)	6.25	6.25	6.25
Expected volatility	39.5%	39.7%	38.4%
Dividend yield	4.58%	4.73%	3.96%
Risk-free rate of return	2.09%	1.42%	1.58%
Exercise price	$ 26.52	$ 26.18	$ 30.28

The following table summarizes activity for PBF Energy options for the years ended December 31, 2017, 2016 and 2015.

	Number of PBF Energy Class A Common Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)
Stock-based awards, outstanding at January 1, 2015	2,401,875	$ 25.97	8.67
Granted	1,899,500	30.28	10.00
Exercised	(30,000)	25.79	
Forfeited	(15,000)	26.38	
Outstanding at December 31, 2015	4,256,375	$ 27.89	8.32
Granted	1,792,000	26.18	10.00
Exercised	(11,250)	25.86	
Forfeited	(66,500)	28.74	
Outstanding at December 31, 2016	5,970,625	$ 27.37	8.02
Granted	1,638,075	26.52	10.00
Exercised	(462,500)	25.65	
Forfeited	(263,425)	27.71	

Outstanding at December 31, 2017	6,882,775	$	27.27	7.82
Exercisable and vested at December 31, 2017	2,958,875	$	27.58	6.77
Exercisable and vested at December 31, 2016	2,271,375	$	27.23	7.21
Exercisable and vested at December 31, 2015	1,136,250	$	26.22	7.61
Expected to vest at December 31, 2017	6,882,775	$	27.27	7.82

The total estimated fair value of PBF Energy options granted in 2017 and 2016 was $10,913 and $11,346 and the weighted average per unit fair value was $6.66 and $6.33. The total intrinsic value of stock options outstanding and exercisable at December 31, 2017 was $56,656 and $23,665, respectively. The total intrinsic value of stock options outstanding and exercisable at December 31, 2016 $11,676 and $3,914, respectively. The total intrinsic value of stock options exercised during the years ended December 31, 2017 and 2016 was $2,365 and $5, respectively.

Unrecognized compensation expense related to PBF Energy options at December 31, 2017 was $21,809, which will be recognized from 2018 through 2021.

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PBFX Phantom Units

PBF GP s board of directors adopted the PBF Logistics LP 2014 Long-Term Incentive Plan (the PBFX LTIP) in connection with the completion of the PBFX Offering. The PBFX LTIP is for the benefit of employees, consultants, service providers and non-employee directors of the general partner and its affiliates.

In the years ended December 31, 2017, 2016 and 2015, PBFX issued phantom unit awards under the PBFX LTIP to certain directors, officers and employees of our general partner or its affiliates as compensation. The fair value of each phantom unit on the grant date is equal to the market price of PBFX s common unit on that date. The estimated fair value of PBFX s phantom units is amortized over the vesting period of four years, using the straight-line method. Total unrecognized compensation cost related to PBFX s nonvested phantom units totaled $6,662 and $5,855 as of December 31, 2017 and 2016, respectively, which is expected to be recognized over a weighted-average period of four years. The fair value of nonvested service phantom units outstanding as of December 31, 2017 and 2016, totaled $13,845 and $12,693, respectively.

A summary of PBFX s unit award activity for the years ended December 31, 2017, 2016 and 2015 is set forth below:

	Number of Phantom Units	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2015	275,522	$ 26.56
Granted	266,360	23.92
Vested	(137,007)	25.83
Forfeited	(1,500)	26.74
Nonvested at December 31, 2015	403,375	$ 25.06
Granted	284,854	19.95
Vested	(116,349)	25.24
Forfeited	(7,000)	23.20
Nonvested at December 31, 2016	564,880	$ 22.47
Granted	319,940	20.97
Vested	(217,171)	23.15
Forfeited	(24,875)	21.23
Nonvested at December 31, 2017	642,774	$ 21.54

The PBFX LTIP provides for the issuance of distribution equivalent rights (DERs) in connection with phantom unit awards. A DER entitles the participant, upon vesting of the related phantom units, to a mandatory cash payments equal to the product of the number of vested phantom unit awards and the cash distribution per common unit paid by PBFX to its common unitholders. Cash payments made in connection with DERs are charged to partners equity, accrued and paid upon vesting.

18. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Company s defined contribution plan covers all employees. Employees are eligible to participate as of the first day of the month following 30 days of service. Participants can make basic contributions up to 50 percent of their annual salary subject to Internal Revenue Service limits. The Company matches participants contributions

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at the rate of 200 percent of the first 3 percent of each participant s total basic contribution based on the participant s total annual salary. The Company s contribution to the qualified defined contribution plans was $23,321, $19,746 and $12,753 for the years ended December 31, 2017, 2016 and 2015, respectively.

Defined Benefit and Post-Retirement Medical Plans

The Company sponsors a noncontributory defined benefit pension plan (the Qualified Plan) with a policy to fund pension liabilities in accordance with the limits imposed by the Employee Retirement Income Security Act of 1974 (ERISA) and Federal income tax laws. In addition, the Company sponsors a supplemental pension plan covering certain employees, which provides incremental payments that would have been payable from the Company s principal pension plan, were it not for limitations imposed by income tax regulations (the Supplemental Plan). The funded status is measured as the difference between plan assets at fair value and the projected benefit obligation which is to be recognized in the balance sheet. The plan assets and benefit obligations are measured as of the balance sheet date.

The non-union Delaware City employees and all Paulsboro, Toledo, Chalmette and Torrance employees became eligible to participate in the Company s defined benefit plans as of the respective acquisition dates. The union Delaware City employees became eligible to participate in the Company s defined benefit plans upon commencement of normal operations. The Company did not assume any of the employees pension liability accrued prior to the respective acquisitions.

The Company formed the Post-Retirement Medical Plan on December 31, 2010 to provide health care coverage continuation from date of retirement to age 65 for qualifying employees associated with the Paulsboro acquisition. The Company credited the qualifying employees with their prior service under Valero which resulted in the recognition of a liability for the projected benefit obligation. The Post-Retirement Medical Plan was amended during 2013 to include all corporate employees, amended in 2014 to include Delaware City and Toledo employees, amended in 2015 to include Chalmette employees and amended in 2016 to include Torrance employees.

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The changes in the benefit obligation, the changes in fair value of plan assets, and the funded status of the Company s Pension and Post-Retirement Medical Plans as of and for the years ended December 31, 2017 and 2016 were as follows:

	Pension Plans		Post-Retirement Medical Plan	
	2017	**2016**	**2017**	**2016**
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 135,508	$ 100,011	$ 22,740	$ 17,729
Service cost	40,572	36,359	1,263	1,047
Interest cost	4,336	3,096	688	528
Plan amendments	462			2,524
Plan settlements	(4,881)			
Benefit payments	(4,034)	(3,449)	(693)	(575)
Actuarial loss (gain)	13,268	(509)	(2,471)	1,487
Projected benefit obligation at end of year	$ 185,231	$ 135,508	$ 21,527	$ 22,740
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 75,367	$ 57,502	$	$
Actual return on plan assets	14,019	3,995		
Benefits paid	(4,034)	(3,449)	(693)	(575)
Plan settlements	(4,881)			
Employer contributions	41,181	17,319	693	575
Fair value of plan assets at end of year	$ 121,652	$ 75,367	$	$
Reconciliation of funded status:				
Fair value of plan assets at end of year	$ 121,652	$ 75,367	$	$
Less benefit obligations at end of year	185,231	135,508	21,527	22,740
Funded status at end of year	$ (63,579)	$ (60,141)	$ (21,527)	$ (22,740)

The accumulated benefit obligations for the Company s Pension Plans exceed the fair value of the assets of those plans at December 31, 2017 and 2016. The accumulated benefit obligation for the defined benefit plans approximated $148,011 and $108,838 at December 31, 2017 and 2016, respectively.

Benefit payments, which reflect expected future services, that the Company expects to pay are as follows for the years ended December 31:

	Pension Benefits	Post-Retirement Medical Plan
2018	$ 9,109	$ 1,257
2019	10,878	1,512
2020	13,282	1,764
2021	16,636	1,868
2022	20,080	1,867
Years 2023-2027	128,837	9,487

The Company s funding policy for its defined benefit plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that may be appropriate considering the funded status of the plans, tax consequences, the cash flow generated by the Company and other factors. The Company plans to contribute approximately $34,800 to the Company s Pension Plans during 2018.

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The components of net periodic benefit cost were as follows for the years ended December 31, 2017, 2016 and 2015:

	Pension Benefits			Post-Retirement Medical Plan		
	2017	**2016**	**2015**	**2017**	**2016**	**2015**
Components of net period benefit cost:						
Service cost	$ 40,572	$ 36,359	$ 24,298	$ 1,263	$ 1,047	$ 967
Interest cost	4,336	3,096	2,974	688	528	558
Expected return on plan assets	(5,766)	(4,681)	(3,422)			
Settlement (gain)/loss recognized	993					
Amortization of prior service cost	53	53	53	646	541	326
Amortization of actuarial loss (gain)	452	1,043	1,228			
Net periodic benefit cost	$ 40,640	$ 35,870	$ 25,131	$ 2,597	$ 2,116	$ 1,851

Lump sum payments made by the Supplemental Plan to employees retiring in 2017 exceeded the Plan s total service and interest costs expected for 2017. Settlement losses are required to be recorded when lump sum payments exceed total service and interest costs. As a result, the 2017 pension expense includes a settlement expense related to our cumulative lump sum payments made during the year.

The pre-tax amounts recognized in other comprehensive income (loss) for the years ended December 31, 2017, 2016 and 2015 were as follows:

	Pension Benefits			Post-Retirement Medical Plan		
	2017	**2016**	**2015**	**2017**	**2016**	**2015**
Prior service costs	$ 462	$	$	$	$ 2,524	$ 1,533
Net actuarial loss (gain)	5,015	176	(2,220)	(2,471)	1,487	312
Amortization of losses and prior service cost	(1,410)	(1,096)	(1,281)	(646)	(541)	(326)
Total changes in other comprehensive loss (income)	$ 4,067	$ (920)	$ (3,501)	$ (3,117)	$ 3,470	$ 1,519

The pre-tax amounts in accumulated other comprehensive loss as of December 31, 2017, and 2016 that have not yet been recognized as components of net periodic costs were as follows:

	Pension Benefits		Post-Retirement Medical Plan	
	2017	2016	2017	2016
Prior service costs	$ (885)	$ (476)	$ (5,337)	$ (5,983)
Net actuarial loss	(22,544)	(18,975)	593	(1,878)
Total	$ (23,429)	$ (19,451)	$ (4,744)	$ (7,861)

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The following pre-tax amounts included in accumulated other comprehensive loss as of December 31, 2017 are expected to be recognized as components of net period benefit cost during the year ended December 31, 2018:

	Pension Benefits	Post-Retirement Medical Plan
Amortization of prior service (costs) credits	$ (86)	$ 646
Amortization of net actuarial (loss) gain	(285)	
Total	$ (371)	$ 646

The weighted average assumptions used to determine the benefit obligations as of December 31, 2017, and 2016 were as follows:

	Qualified Plan		Supplemental Plan		Post-Retirement Medical Plan	
	2017	2016	2017	2016	2017	2016
Discount rate benefit obligations	3.58%	4.07%	3.55%	4.08%	3.33%	3.68%
Rate of compensation increase	4.53%	4.81%	5.00%	5.50%		

The weighted average assumptions used to determine the net periodic benefit costs for the years ended December 31, 2017, 2016 and 2015 were as follows:

	Qualified Plan			Supplemental Plan			Post-Retirement Medical Plan		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Discount rates:									
Effective rate for service cost	4.15%	4.15%	4.25%	4.17%	4.17%	4.30%	4.10%	4.10%	4.32%
Effective rate for interest cost	3.38%	3.38%	3.31%	3.20%	3.20%	3.16%	3.11%	3.11%	3.09%
Effective rate for interest on service cost	3.59%	3.59%	3.51%	3.63%	3.63%	3.37%	3.84%	3.84%	4.04%
Expected long-term rate of return on plan assets	6.50%	7.00%	7.00%	N/A	N/A	N/A	N/A	N/A	N/A

Rate of compensation increase	4.81%	4.81%	4.81%	5.50%	5.50%	5.50%	N/A	N/A	N/A

The assumed health care cost trend rates as of December 31, 2017 and 2016 were as follows:

	Post-Retirement Medical Plan	
	2017	**2016**
Health care cost trend rate assumed for next year	6.0%	6.1%
Rate to which the cost trend rate was assumed to decline (the ultimate trend rate)	4.5%	4.5%
Year that the rate reached the ultimate trend rate	2038	2038

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Assumed health care costs trend rates have a significant effect on the amounts reported for retiree health care plans. A one percentage-point change in assumed health care costs trend rates would have the following effects on the medical post-retirement benefits:

	1% Increase	1% Decrease
Effect on total service and interest cost components	$ 15	$ (14)
Effect on accumulated post-retirement benefit obligation	307	(291)

The table below presents the fair values of the assets of the Company s Qualified Plan as of December 31, 2017 and 2016 by level of fair value hierarchy. Assets categorized in Level 2 of the hierarchy consist of collective trusts and are measured at fair value based on the closing net asset value (NAV) as determined by the fund manager and reported daily. As noted above, the Company s post-retirement medical plan is funded on a pay-as-you-go basis and has no assets.

	Fair Value Measurements Using NAV as Practical Expedient (Level 2) December 31,	
	2017	2016
Equities:		
Domestic equities	$ 36,582	$ 23,451
Developed international equities	17,236	10,736
Emerging market equities	8,474	5,164
Global low volatility equities	9,983	6,360
Fixed-income	45,469	29,576
Cash and cash equivalents	3,908	80
Total	$ 121,652	$ 75,367

The Company s investment strategy for its Qualified Plan is to achieve a reasonable return on assets that supports the plan s interest credit rating, subject to a moderate level of portfolio risk that provides liquidity. Consistent with these financial objectives as of December 31, 2017, the plan s target allocations for plan assets are 54% invested in equity securities, 40% fixed income investments and 6% in real estate. Equity securities include international stocks and a blend of U.S. growth and value stocks of various sizes of capitalization. Fixed income securities include bonds and notes issued by the U.S. government and its agencies, corporate bonds, and mortgage-backed securities. The aggregate asset allocation is reviewed on an annual basis.

The overall expected long-term rate of return on plan assets for the Qualified Plan is based on the Company s view of long-term expectations and asset mix.

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19. REVENUES

The following table provides information relating to the Company s revenues from external customers for each product or group of similar products for the periods:

	Year Ended December 31,		
	2017	**2016**	**2015**
Gasoline and distillates	$ 18,316,079	$ 14,017,350	$ 11,553,716
Feedstocks and other	1,232,627	388,358	315,042
Asphalt and blackoils	1,162,339	699,966	536,496
Chemicals	770,491	554,392	452,304
Lubricants	305,101	260,358	266,371
Total Revenues	$ 21,786,637	$ 15,920,424	$ 13,123,929

20. SEGMENT INFORMATION

The Company s operations are organized into two reportable segments, Refining and Logistics. Operations that are not included in the Refining and Logistics segments are included in Corporate. Intersegment transactions are eliminated in the consolidated financial statements and are included in Eliminations.

Refining

The Company s Refining Segment includes the operations of its five refineries, including certain related logistics assets that are not owned by PBFX. The Company s refineries are located in Toledo, Ohio, Delaware City, Delaware, Paulsboro, New Jersey, New Orleans, Louisiana and Torrance, California. The refineries produce unbranded transportation fuels, heating oil, petrochemical feedstocks, lubricants and other petroleum products in the United States. The Company purchases crude oil, other feedstocks and blending components from various third-party suppliers. The Company sells products throughout the Northeast, Midwest, Gulf Coast and West Coast of the United States, as well as in other regions of the United States and Canada, and is able to ship products to other international destinations.

Logistics

The Company formed PBFX, a publicly traded master limited partnership, to own or lease, operate, develop and acquire crude oil and refined petroleum products terminals, pipelines, storage facilities and similar logistics assets. PBFX s assets primarily consist of rail and truck terminals and unloading racks, tank farms and pipelines that were acquired from or contributed by PBF LLC and are located at, or nearby, the Company s refineries. PBFX provides various rail, truck and marine terminaling services, pipeline transportation services and storage services to PBF Holding and/or its subsidiaries and third party customers through fee-based commercial agreements. PBFX currently does not generate significant third party revenue and intersegment related-party revenues are eliminated in consolidation. From a PBF Energy perspective, the Company s chief operating decision maker evaluates the Logistics segment as a whole without regard to any of PBFX s individual segments.

The Company evaluates the performance of its segments based primarily on income from operations. Income from operations includes those revenues and expenses that are directly attributable to management of the respective segment. The Logistics segment s revenues include intersegment transactions with the Company s Refining segment at prices the Company believes are substantially equivalent to the prices that could have been negotiated with unaffiliated parties with respect to similar services. Activities of the Company s business that are

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not included in the two operating segments are included in Corporate. Such activities consist primarily of corporate staff operations and other items that are not specific to the normal operations of the two operating segments. The Company does not allocate certain items of other income and expense, including income taxes, to the individual segments. The Refinery segment s operating subsidiaries and PBFX are primarily pass-through entities with respect to income taxes.

Total assets of each segment consist of property, plant and equipment, inventories, cash and cash equivalents, accounts receivables and other assets directly associated with the segment s operations. Corporate assets consist primarily of property, plant and equipment and other assets not directly related to the Company s refinery and logistic operations.

Disclosures regarding the Company s reportable segments with reconciliations to consolidated totals for years ended December 31, 2017, 2016 and 2015 are presented below. In connection with the contribution by PBF LLC of the limited liability interests of PNGPC to PBFX, the accompanying segment information has been retrospectively adjusted to include the historical results of PNGPC in the Logistics segment for all periods presented prior to such contribution.

	Year Ended December 31, 2017				
	Refining	**Logistics**	**Corporate**	**Eliminations**	**Consolidated Total**
Revenues	$ 21,772,478	$ 254,813	$	$ (240,654)	$ 21,786,637
Depreciation and amortization expense	254,161	23,831	12,964		290,956
Income (loss) from operations (1)	808,021	148,215	(211,128)	(14,565)	730,543
Interest expense, net	4,695	33,363	124,325		162,383
Capital expenditures (2)	634,013	89,539	3,483		727,035

	Year Ended December 31, 2016				
	Refining	**Logistics**	**Corporate**	**Eliminations**	**Consolidated Total**
Revenues	$ 15,908,537	$ 187,335	$	$ (175,448)	$ 15,920,424
Depreciation and amortization expense	201,358	14,983	5,835		222,176
Income (loss) from operations (1)	551,810	110,822	(157,870)	(5,679)	499,083
Interest expense, net	2,938	30,433	122,448		155,819
Capital expenditures (3)	1,471,291	121,351	20,229		1,612,871

	Year Ended December 31, 2015				
	Refining	Logistics	Corporate	Eliminations	Consolidated Total
Revenues	$ 13,123,929	$ 142,102	$	$ (142,102)	$ 13,123,929
Depreciation and amortization expense	180,045	7,684	9,688		197,417
Income (loss) from operations	442,550	94,859	(176,342)		361,067
Interest expense, net	17,061	21,254	71,096		109,411
Capital expenditures (4)	968,438	3,503	9,139		981,080

	Balance at December 31, 2017				
	Refining	Logistics	Corporate	Eliminations	Consolidated Total
Total assets (5)	$ 7,298,049	$ 737,550	$ 44,203	$ (40,817)	$ 8,038,985

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	Balance at December 31, 2016				
	Refining	**Logistics**	**Corporate**	**Eliminations**	**Consolidated Total**
Total assets	$ 6,408,638	$ 756,861	$ 5,856	$ (37,863)	$ 7,133,492

(1) The Logistics segment includes 100% of the income from operations of TVPC as TVPC is consolidated by PBFX. PBFX records net income attributable to noncontrolling interest for the 50% equity interest in TVPC held by PBF Holding. PBF Holding (included in the Refining segment) records equity income in investee related to its 50% noncontrolling ownership interest in TVPC. For the purposes of the consolidated PBF Energy financial statements, PBF Holding s equity income in investee and PBFX s net income attributable to noncontrolling interest eliminate in consolidation. As the acquisition of PBFX s 50% interest in TVPC was completed in the third quarter of 2016, there was no impact on comparative 2015 disclosures.

(2) The Logistic segment includes capital expenditures of $10,097 for the acquisition of the Toledo Products Terminal by PBFX on April 17, 2017.

(3) The Refining segment includes capital expenditures of $971,932 for the acquisition of the Torrance refinery in the third quarter of 2016. Additionally, the Refining segment includes capital expenditures of $2,659 for the working capital settlement related to the acquisition of the Chalmette refinery that was finalized in the first quarter of 2016. The Logistics segment includes $98,373 for the PBFX Plains Asset Purchase that was completed in the second quarter of 2016.

(4) The Refining segment includes capital expenditures of $565,304 for the acquisition of the Chalmette refinery on November 1, 2015, excluding the working capital settlement of $2,659 that was finalized in the first quarter of 2016.

(5) The Logistics segment includes 100% of the assets of TVPC as TVPC is consolidated by PBFX. PBFX records a noncontrolling interest for the 50% equity interest in TVPC held by PBF Holding. PBF Holding (included in the Refining segment) records an equity investment in TVPC reflecting its noncontrolling ownership interest. For the purposes of the consolidated PBF Energy financial statements, PBFX s noncontrolling interest in TVPC and PBF Holding s equity investment in TVPC eliminate in consolidation.

21. INCOME TAXES

PBF LLC is a limited liability company treated as a flow-through entity for income tax purposes. Accordingly, there is generally no benefit or expense for federal or state income tax in the PBF LLC financial statements apart from the income tax attributable to two subsidiaries acquired in connection with the acquisition of Chalmette Refining and the Company s wholly-owned Canadian subsidiary, PBF Ltd. that are treated as C-Corporations for income tax purposes.

The income tax (benefit) expense in the PBF LLC consolidated financial statements of operations consists of the following:

	December 31, 2017	December 31, 2016	December 31, 2015
Current income tax expense	$ 1,743	$ 3,887	$ 648
Deferred income tax (benefit) expense	(12,526)	19,802	
Total income tax (benefit) expense	$ (10,783)	$ 23,689	$ 648

During the preparation of the financial statements for the first quarter of 2016, management determined that the deferred income tax liabilities for PBF Ltd. were understated for prior periods. For the three months ended March 31, 2016, the Company incurred $30,602 of deferred tax expense and $121 of current tax expense relating to a correction of prior periods.

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Tax Cuts and Jobs Act

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the TCJA. The TCJA makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries (the Transition Tax); (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; (4) requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations; (5) eliminating the corporate alternative minimum tax (AMT) and changing how existing AMT credits can be realized; (6) creating the base erosion anti-abuse tax (BEAT), a new minimum tax; (7) creating a new limitation on deductible interest expense; and (8) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

In connection with our initial analysis of the impact of the TCJA, PBF Energy estimated and recognized the measurement of the tax effects related to the TCJA based on the facts and interpretations of the legislation that currently exist noting that the estimated and recognized amounts pertaining to the PBF LLC subsidiaries noted above was not material for the year ended December 31, 2017.

22. FAIR VALUE MEASUREMENTS

The tables below present information about the Company s financial assets and liabilities measured and recorded at fair value on a recurring basis and indicate the fair value hierarchy of the inputs utilized to determine the fair values as of December 31, 2017 and 2016.

We have elected to offset the fair value amounts recognized for multiple derivative contracts executed with the same counterparty; however, fair value amounts by hierarchy level are presented on a gross basis in the tables below. We have posted cash margin with various counterparties to support hedging and trading activities. The cash margin posted is required by counterparties as collateral deposits and cannot be offset against the fair value of open contracts except in the event of default. We have no derivative contracts that are subject to master netting arrangements that are reflected gross on the balance sheet.

	As of December 31, 2017					
	Fair Value Hierarchy					
	Level 1	Level 2	Level 3	Total Gross Fair Value	Effect of Counter-party Netting	Net Carrying Value on Balance Sheet
Assets:						

Money market funds	$ 4,730	$	$	$ 4,730	N/A	$ 4,730
Commodity contracts	10,031	357		10,388	(10,388)	
Liabilities:						
Commodity contracts	51,673	33,035		84,708	(10,388)	74,320
Catalyst lease obligations		59,048		59,048		59,048
Derivatives included with inventory intermediation agreement obligations		7,721		7,721		7,721

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	As of December 31, 2016					
	Fair Value Hierarchy					
	Level 1	Level 2	Level 3	Total Gross Fair Value	Effect of Counter-party Netting	Net Carrying Value on Balance Sheet
Assets:						
Money market funds	$ 342,837	$	$	$ 342,837	N/A	$ 342,837
Marketable securities	40,024			40,024	N/A	40,024
Commodity contracts	948	35		983	(983)	
Derivatives included with inventory intermediation agreement obligations		6,058		6,058		6,058
Liabilities:						
Commodity contracts	859	3,548	84	4,491	(983)	3,508
Catalyst lease obligations		45,969		45,969		45,969

The valuation methods used to measure financial instruments at fair value are as follows:

Money market funds categorized in Level 1 of the fair value hierarchy are measured at fair value based on quoted market prices and included within cash and cash equivalents.

Marketable securities, consisting primarily of US Treasury securities, categorized in Level 1 of the fair value hierarchy are measured at fair value based on quoted market prices.

The commodity contracts categorized in Level 1 of the fair value hierarchy are measured at fair value based on quoted prices in an active market. The commodity contracts categorized in Level 2 of the fair value hierarchy are measured at fair value using a market approach based upon future commodity prices for similar instruments quoted in active markets.

The commodity contracts categorized in Level 3 of the fair value hierarchy consist of commodity price swap contracts that relate to forecasted purchases of crude oil for which quoted forward market prices are not readily available due to market illiquidity. The forward prices used to value these swaps were derived using broker quotes, prices from other third party sources and other available market based data.

The derivatives included with inventory intermediation agreement obligations and the catalyst lease obligations are categorized in Level 2 of the fair value hierarchy and are measured at fair value using a market approach based upon commodity prices for similar instruments quoted in active markets.

Non-qualified pension plan assets are measured at fair value using a market approach based on published net asset values of mutual funds as a practical expedient. As of December 31, 2017 and 2016, $9,593 and $9,440, respectively, were included within Deferred charges and other assets, net for these non-qualified pension plan assets.

PBF ENERGY COMPANY LLC AND SUBSIDIARIES

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The table below summarizes the changes in fair value measurements of commodity contracts categorized in Level 3 of the fair value hierarchy:

	Year Ended December 31,	
	2017	**2016**
Balance at beginning of period	$ (84)	$ 3,543
Purchases		
Settlements	45	(1,149)
Unrealized gain (loss) included in earnings	39	(2,478)
Transfers into Level 3		
Transfers out of Level 3		
Balance at end of period	$	$ (84)

There were no transfers between levels during the years ended December 31, 2017 and 2016, respectively.

Fair value of debt

The table below summarizes the fair value and carrying value as of December 31, 2017 and 2016.

	December 31, 2017		**December 31, 2016**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Senior notes due 2025 (a)	$ 725,000	$ 763,945	$	$
Senior notes due 2023 (a)(d)	500,000	522,101	500,000	498,801
Senior secured notes due 2020 (a)			670,867	696,098
PBFX senior notes (a)	528,374	544,118	350,000	346,135
PBFX Term Loan (b)			39,664	39,664
PBF Rail Term Loan (b)	28,366	28,366	35,000	35,000
Catalyst leases (c)	59,048	59,048	45,969	45,969
PBFX Revolving Credit Facility (b)	29,700	29,700	189,200	189,200
Revolving Loan (b)	350,000	350,000	350,000	350,000
	2,220,488	2,297,278	2,180,700	2,200,867
Less Current debt	(10,987)[c]	(10,987)	(39,664)	(39,664)
Less Unamortized deferred financing costs	(34,459)	n/a	(32,466)	n/a

Long term debt	$ 2,175,042	$ 2,286,291	$ 2,108,570	$ 2,161,203

(a) The estimated fair value, categorized as a Level 2 measurement, was calculated based on the present value of future expected payments utilizing implied current market interest rates based on quoted prices of the 2025 Senior Notes, Senior Secured Notes and PBFX Senior Notes.

(b) The estimated fair value approximates carrying value, categorized as a Level 2 measurement, as these borrowings bear interest based upon short-term floating market interest rates.

(c) Catalyst leases are valued using a market approach based upon commodity prices for similar instruments quoted in active markets and are categorized as a Level 2 measurement. The Company has elected the fair value option for accounting for its catalyst lease repurchase obligations as the Company s liability is directly impacted by the change in fair value of the underlying catalyst. On October 5, 2017 Delaware City Refining entered into two platinum bridge leases which will expire in 2018. The leases are payable at maturity and will not be renewed. The total outstanding balance related to these bridge leases as of December 31, 2017 was $10,987 and is included in Current debt and on our Consolidated balance sheet.

PBF ENERGY COMPANY LLC AND SUBSIDIARIES

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(d) As discussed in Note 9 Credit Facility and Debt to the consolidated financial statements, these notes became unsecured following the Collateral Fall-Away Event on May 30, 2017.

23. DERIVATIVES

The Company uses derivative instruments to mitigate certain exposures to commodity price risk. The Company entered into the A&R Intermediation Agreements that contain purchase obligations for certain volumes of intermediates and refined products. The purchase obligations related to intermediates and refined products under these agreements are derivative instruments that have been designated as fair value hedges in order to hedge the commodity price volatility of certain refinery inventory. The fair value of these purchase obligation derivatives is based on market prices of the underlying crude oil and refined products. The level of activity for these derivatives is based on the level of operating inventories.

As of December 31, 2017, there were 3,000,142 barrels of intermediates and refined products (2,942,348 barrels at December 31, 2016) outstanding under these derivative instruments designated as fair value hedges. These volumes represent the notional value of the contract.

The Company also enters into economic hedges primarily consisting of commodity derivative contracts that are not designated as hedges and are used to manage price volatility in certain crude oil and feedstock inventories as well as crude oil, feedstock, and refined product sales or purchases. The objective in entering into economic hedges is consistent with the objectives discussed above for fair value hedges. As of December 31, 2017, there were 22,348,000 barrels of crude oil and 1,989,000 barrels of refined products (5,950,000 and 2,831,000 respectively, as of December 31, 2016), outstanding under short and long term commodity derivative contracts not designated as hedges representing the notional value of the contracts.

The following tables provide information about the fair values of these derivative instruments as of December 31, 2017 and December 31, 2016 and the line items in the consolidated balance sheet in which the fair values are reflected.

Description	Balance Sheet Location	Fair Value Asset/(Liability)
Derivatives designated as hedging instruments:		
December 31, 2017:		
Derivatives included with the inventory intermediation agreement obligations	Accrued expenses	$ (7,721)
December 31, 2016:		
Derivatives included with the inventory intermediation agreement obligations	Accrued expenses	$ 6,058
Derivatives not designated as hedging instruments:		

December 31, 2017:			
Commodity contracts	Accrued expenses	$	(74,320)
December 31, 2016:			
Commodity contracts	Accrued expenses	$	3,508

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The following table provides information about the gains or losses recognized in income on these derivative instruments and the line items in the consolidated financial statements of operations in which such gains and losses are reflected.

Description	Location of Gain or (Loss) Recognized in Income on Derivatives	Gain or (Loss) Recognized in Income on Derivatives
Derivatives designated as hedging instruments:		
For the year ended December 31, 2017:		
Derivatives included with the inventory intermediation agreement obligations	Cost of products and other	$ (13,779)
For the year ended December 31, 2016:		
Derivatives included with the inventory intermediation agreement obligations	Cost of products and other	$ (29,453)
For the year ended December 31, 2015:		
Derivatives included with inventory supply arrangement obligations	Cost of products and other	$ (4,251)
Derivatives included with the inventory intermediation agreement obligations	Cost of products and other	$ (59,323)
Derivatives not designated as hedging instruments:		
For the year ended December 31, 2017:		
Commodity contracts	Cost of products and other	$ (85,443)
For the year ended December 31, 2016:		
Commodity contracts	Cost of products and other	$ (55,557)
For the year ended December 31, 2015:		
Commodity contracts	Cost of products and other	$ 32,416
Hedged items designated in fair value hedges:		
For the year ended December 31, 2017:		
Intermediate and refined product inventory	Cost of products and other	$ 13,779
For the year ended December 31, 2016:		
Intermediate and refined product inventory	Cost of products and other	$ 29,453
For the year ended December 31, 2015:		
Crude oil and feedstock inventory	Cost of products and other	$ 4,251
Intermediate and refined product inventory	Cost of products and other	$ 59,323

The Company had no ineffectiveness related to the fair value hedges as of December 31, 2017, 2016 and 2015.

24. SUBSEQUENT EVENTS

These financial statements were approved by management and available for issuance on March 12, 2018. Management has evaluated subsequent events through this date.

Dividends Declared

On February 15, 2018, PBF Energy announced a dividend of $0.30 per share on outstanding PBF Energy Class A common stock. The dividend is payable on March 14, 2018 to PBF Energy Class A common stockholders of record as of February 28, 2018.

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PBFX Distributions

On February 15, 2018, the Board of Directors of PBF GP announced a distribution of $0.4850 per unit on outstanding common units of PBFX. The distribution is payable on March 14, 2018 to PBFX unit holders of record as of February 28, 2018.

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PBF LOGISTICS LP

PBF LOGISTICS FINANCE CORPORATION

Offer to Exchange

Up To $175,000,000 of

6.875% Senior Notes due 2023

That Have Not Been Registered Under

The Securities Act of 1933

That Were Issued on October 6, 2017

For

Up To $175,000,000 of

6.875% Senior Notes due 2023

That Have Been Registered Under

The Securities Act of 1933

Until the date that is 90 days from the date of this prospectus, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Delaware Limited Partnership Registrant

PBF Logistics LP is a limited partnership formed under the laws of Delaware. Section 17-108 of the Delaware Revised Uniform Limited Partnership Act, or the LP Act, empowers a Delaware limited partnership to indemnify and hold harmless any partner or other person from and against any and all claims and demands whatsoever.

The Second Amended and Restated Agreement of Limited Partnership of PBF Logistics LP provides for indemnification, in most circumstances, to the fullest extent permitted by law, from and against all losses, claims, damages, or similar events, of the following persons: (1) its general partner; (2) any departing general partner; (3) any person who is or was an affiliate of the general partner or any departing general partner; (4) any person who is or was a manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of PBF Logistics LP, its subsidiaries, its general partner, any departing general partner or any of their affiliates; (5) any person who is or was serving at the request of a general partner, any departing general partner or any of their respective affiliates as an officer, director, manager, managing member, general partner, employee, agent, fiduciary or trustee of another person owing a fiduciary or similar duty to PBF Logistics LP and its subsidiaries, except for a person providing, on a fee-for-services basis, trustee, fiduciary or custodial services; (6) any person who controls the general partner or departing general partner; and (7) any person designated by the general partner.

Any indemnification under these provisions will only be out of PBF Logistics LP s assets. Unless the general partner otherwise agrees, it will not be personally liable for, or have any obligation to contribute or lend funds or assets to PBF Logistics LP to enable it to effectuate, indemnification.

PBF Logistics LP and PBF Logistics GP LLC, its general partner, have entered into indemnification agreements with each of the directors and executive officers (each an indemnitee) of PBF Logistics GP LLC, providing that to the fullest extent permitted by the LP Act, the Limited Liability Company Act of the State of Delaware, or the DLLCA, and other applicable law, the entities will, jointly and severally, indemnify each such indemnitee from and against all loss and liability (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by or on behalf of such indemnitee in connection with such person serving as a director, officer, employee or agent of such entities, or while serving as a director or officer of such entities, is or was serving or agreed to serve at their request as a director, officer, employee or agent of another entity, unless there has been a final and non-appealable judgment by a court or other body of competent jurisdiction that such indemnitee s conduct was knowingly fraudulent or constituted willful misconduct, or such indemnification is otherwise prohibited by law. The indemnification agreements also provide that the entities, to the fullest extent permitted by the LP Act and the DLLCA, must advance payment of certain expenses, including attorney s fees, to the indemnitee in advance of the final disposition of any proceeding, subject to the indemnitee s undertaking to repay any amounts to the extent it is ultimately determined that such person is not entitled to indemnification.

The Limited Liability Company Agreement of PBF Logistics GP LLC provides that in most circumstances, the general partner will indemnify the following persons, to the fullest extent permitted by law, from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings (whether civil, criminal, administrative or investigative): (1) the sole member of the general partner; (2) any person who is or was an affiliate of the general partner; (3) any person who is or was a member, partner, director, officer, fiduciary or trustee of the general partner, any subsidiary of the general partner or PBF Logistics LP; (4) any person who is or was serving at the request of the sole member of the general partner as a member, partner, director, officer, fiduciary or trustee of another person, in each case, acting in such capacity, except for a person providing, on a fee-for-services basis, trustee, fiduciary or custodial services; and (5) any person designated by the general partner.

PBF Logistics GP LLC maintains insurance covering its officers and directors against liabilities asserted and expenses incurred in connection with their activities as officers and directors of the general partner or any of its direct or indirect subsidiaries.

Delaware Limited Liability Company Registrants

The co-registrant guarantors are limited liability companies organized under the laws of the State of Delaware.

The DLLCA provides that, subject to such standards and restrictions, if any, as are set forth in its limited liability company agreement, a limited liability company may indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever. However, to the extent that the limited liability company agreement seeks to restrict or limit the liabilities of such person, the DLLCA prohibits such agreement from eliminating liability for any act or omission that constitutes a bad faith violation of the implied contractual covenant of good faith and fair dealing.

The Limited Liability Company Agreements of Delaware City Logistics Company LLC, Delaware City Terminaling Company LLC, Delaware Pipeline Company LLC, Toledo Terminaling Company LLC, Paulsboro Natural Gas Pipeline Company LLC, PBF Logistics Products Terminals LLC, PBFX Operating Company LLC and Torrance Valley Pipeline Company LLC provide that each company shall indemnify the sole member, directors or officers (as applicable) of each such company to the fullest extent permitted by law against any loss, liability, damage, judgment, demand, claim, cost or expense incurred by or asserted against the sole member, directors or officers (as applicable) of each such company (including, without limitation, reasonable attorneys fees and disbursements incurred in the defense thereof) arising out of any act or omission of the sole member, directors or officers (as applicable) in connection with each such company, unless such act or omission constitutes bad faith, gross negligence or willful misconduct on the part of the sole member, directors or officers (as applicable) of each such company.

The Limited Liability Company Agreement of PBF Energy Company LLC provides that, in most circumstances, the company will indemnify the following persons, to the fullest extent permitted by law, from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings (whether civil, criminal, administrative or investigative): (1) any person who is or was a member, partner, shareholder, director, officer, fiduciary or trustee of the company or any affiliate of the company; (2) any person who is or was serving at the request of the managing member of the company as an officer, director, member, partner, fiduciary or trustee of another person, in each case, acting in such capacity, except for a person providing, on a fee-for-services basis, trustee, fiduciary or custodial services; and (3) any person designated by the managing member of the company.

Delaware Corporation Registrant

PBF Logistics Finance Corporation is incorporated under the laws of the State of Delaware.

Section 102 of the General Corporation Law of the State of Delaware, or the DGCL, allows a corporation to eliminate the personal liability of directors to a corporation or its stockholders for monetary damages for a breach of a fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase or redemption in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the DGCL empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person s conduct was unlawful. A Delaware corporation may indemnify directors, officers, employees and other agents of such corporation in an action by or in the right of a corporation under the same conditions against expenses (including attorneys fees) actually and reasonably incurred by the person in connection with the defense and settlement of such action or suit, except that no indemnification is permitted without judicial approval if the person to be indemnified has been adjudged to be liable to the corporation. Where a present or former director or officer of the corporation is successful on the merits or otherwise in the defense of any action, suit or proceeding referred to above or in defense of any claim, issue or matter therein, the corporation must indemnify such person against the expenses (including attorneys fees) which he or she actually and reasonably incurred in connection therewith.

Section 174 of the DGCL provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered into the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

PBF Logistics Finance Corporation s certificate of incorporation and bylaws contains provisions that provide for indemnification of officers and directors and their heirs, executors and administrators to the full extent permitted by, and in the manner permissible under, the DGCL.

As permitted by Section 102(b)(7) of the DGCL, PBF Logistics Finance Corporation s certificate of incorporation contains a provision eliminating the personal liability of a director to PBF Logistics Finance Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, subject to some exceptions.

Item 21. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as exhibits to this Registration Statement.

Number	Description
2.1	Sale and Purchase Agreement by and between PBF Holding Company LLC, ExxonMobil Oil Corporation, Mobil Pipe Line Company and PDV Chalmette, L.L.C. as of June 17, 2015

	(incorporated by reference to Exhibit 2.1 filed with PBF Energy Inc. s Current Report on Form 8-K (File No. 001-35764) dated June 17, 2015).
2.2	Sale and Purchase Agreement by and between PBF Holding Company LLC and ExxonMobil Oil Corporation and its subsidiary, Mobil Pacific Pipeline Company as of September 29, 2015 (incorporated by reference to Exhibit 2.1 filed with PBF Energy Inc. s Current Report on Form 8-K (File No. 001-35764) dated October 1, 2015).

Number	Description
2.3	Purchase Agreement dated as of January 29, 2016 by and between PBF Logistics Products Terminals LLC and Plains Products Terminals LLC (incorporated by reference to Exhibit 2.1 filed with PBF Logistics LP s Current Report on Form 8-K (File No. 001-36446) dated February 4, 2016).
3.1	Certificate of Formation of PBF Energy Company LLC (incorporated by reference herein to Exhibit 3.15 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).
3.2	Amended and Restated Limited Liability Company Agreement of PBF Energy Company LLC (incorporated by reference herein to Exhibit 10.1 filed with PBF Energy Inc. s Current Report on Form 8-K (File No. 001-35764) filed on December 18, 2012).
3.3	Certificate of Limited Partnership of PBF Logistics LP (incorporated by reference herein to Exhibit 3.1 to the Registration Statement on Form S-1 (File No. 333-195024) filed on April 3, 2014).
3.4	Second Amended and Restated Agreement of Limited Partnership of PBF Logistics LP dated as of September 15, 2014 (incorporated by reference herein to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-36446) filed on September 19, 2014).
3.5	Certificate of Formation of PBF Logistics GP LLC (incorporated by reference herein to Exhibit 3.3 to the Registration Statement on Form S-1 (File No. 333-195024) filed on April 3, 2014).
3.6	First Amended and Restated Limited Liability Company Agreement of PBF Logistics GP LLC dated May 14, 2014 (incorporated by reference herein to Exhibit 3.2 to the Current Report on Form 8-K (File No. 001-36446) filed on May 14, 2014).
3.7	Certificate of Incorporation of PBF Logistics Finance Corporation (incorporated by reference herein to Exhibit 3.5 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).
3.8	Bylaws of PBF Logistics Finance Corporation (incorporated by reference herein to Exhibit 3.6 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).
3.9	Certificate of Formation of Delaware City Logistics Company LLC (incorporated by reference herein to Exhibit 3.7 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).
3.10	Limited Liability Company Agreement of Delaware City Logistics Company LLC (incorporated by reference herein to Exhibit 3.8 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).
3.11	Certificate of Formation of Delaware City Terminaling Company LLC (incorporated by reference herein to Exhibit 3.9 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).
3.12	Limited Liability Company Agreement of Delaware City Terminaling Company LLC (incorporated by reference herein to Exhibit 3.10 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).
3.13	Certificate of Formation of Delaware Pipeline Company LLC (incorporated by reference herein to Exhibit 3.11 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).
3.14	Limited Liability Company Agreement of Delaware Pipeline Company LLC (incorporated by reference herein to Exhibit 3.12 to the Registration Statement on Form S-4 (File No. 333-206728)

	filed on September 2, 2015).
3.15	Certificate of Formation of Toledo Terminaling Company LLC (incorporated by reference herein to Exhibit 3.13 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).

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Number	Description
3.16	Limited Liability Company Agreement of Toledo Terminaling Company LLC (incorporated by reference herein to Exhibit 3.14 to the Registration Statement on Form S-4 (File No. 333-206728) filed on September 2, 2015).
3.17*	Certificate of Formation of Paulsboro Natural Gas Pipeline Company LLC.
3.18*	Third Amended and Restated Limited Liability Company Agreement of Paulsboro Natural Gas Pipeline Company LLC.
3.19*	Certificate of Formation of PBF Logistics Products Terminals LLC.
3.20*	Limited Liability Company Agreement of PBF Logistics Products Terminals LLC.
3.21*	Certificate of Formation of PBFX Operating Company LLC.
3.22*	Limited Liability Company Agreement of PBFX Operating Company LLC.
3.23*	Certificate of Formation of Torrance Valley Pipeline Company LLC.
3.24*	Amended and Restated Limited Liability Company Agreement of Torrance Valley Pipeline Company LLC.
4.1	Indenture dated May 12, 2015, among PBF Logistics LP, PBF Logistics Finance Corporation, the Guarantors named therein and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference herein to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-36446) filed on May 18, 2015).
4.1.1	Supplemental Indenture dated June 19, 2015, among PBF Logistics LP, PBF Logistics Finance Corporation, the Guarantors named therein and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference herein to Exhibit 4.1.1 to the Annual Report on Form 10-K (File No. 001-36446) filed on February 17, 2016).
4.2	Form of 6.875% Senior Notes (incorporated by reference herein to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-36446) filed on May 18, 2015).
4.3	Indenture dated as of November 24, 2015, among PBF Holding Company LLC, PBF Finance Corporation, the Guarantors named on the signature pages thereto, Wilmington Trust, National Association, as Trustee and Deutsche Bank Trust Company Americas, as Paying Agent, Registrar, Transfer Agent, Authenticating Agent and Notes Collateral Agent and Form of 7.00% Senior Secured Note (included as Exhibit A) (incorporated by reference to Exhibit 4.1 filed with PBF Energy Inc. s Current Report on Form 8-K dated November 30, 2015 (File No. 001-35764)).
4.4	First Supplemental Indenture, dated as of November 13, 2015, among Chalmette Refining, L.L.C., Wilmington Trust, National Association and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.7 filed with PBF Energy Inc. s Annual Report on Form 10-K dated February 29, 2016 (File No. 001-35764)).
4.5	Second Supplemental Indenture, dated as of November 16, 2015, by and among PBF Holding Company LLC, PBF Finance Corporation, the Guarantors named on the signature page thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.8 filed with PBF Energy Inc. s December 31, 2015 Form 10-K (File No. 001-35764) filed on February 29, 2016).
4.6	Joinder Agreement dated as of May 26, 2016, among PBF Logistics Products Terminals LLC and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference herein to

	Exhibit 4.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (File No. 001-36446) filed on August 4, 2016).
4.7	Second Supplemental Indenture dated as of June 28, 2016, among PBF Logistics Products Terminals LLC, PBF Logistics LP, PBF Logistics Finance Corporation, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference herein to Exhibit 4.2 to the Quarterly Report on form 10-Q for the quarter ended June 30, 2016 (File No. 001-36446) filed on August 4, 2016).

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Number	Description
4.8	Third Supplemental Indenture, dated as of July 29, 2016, by and among PBF Holding Company LLC, the Guarantors named on the signature page thereto and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.1 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 4, 2016 (File No. 001-35764)).
4.9	First Supplemental Indenture, dated as of July 29, 2016, among PBF Western Region LLC, Torrance Refining Company LLC, Torrance Logistics Company LLC, Wilmington Trust, National Association and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.2 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 4, 2016 (File No. 001-35764)).
4.10	Joinder Agreement dated as of October 5, 2016, among PBFX Operating Company LLC and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference herein to Exhibit 4.6 to the Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-36446) filed on February 24, 2017).
4.11	Joinder Agreement dated as of October 18, 2016, among Torrance Valley Pipeline Company LLC and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference herein to Exhibit 4.7 to the Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-36446) filed on February 24, 2017).
4.12	Third Supplemental Indenture dated as of October 24, 2016, among Torrance Valley Pipeline Company LLC, PBFX Operating Company LLC, PBF Logistics LP, PBF Logistics Finance Corporation, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference herein to Exhibit 4.8 to the Annual Report on Form 10-K for the year ended December 31, 2016 (File No. 001-36446) filed on February 24, 2017).
4.13	Joinder Agreement dated as of February 28, 2017, among Paulsboro Natural Gas Pipeline Company LLC and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference herein to Exhibit 4.1 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-36446) filed on May 4, 2017).
4.14	Fourth Supplemental Indenture dated as of March 13, 2017, among Paulsboro Natural Gas Pipeline Company LLC, PBF Logistics LP, PBF Logistics Finance Corporation, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference herein to Exhibit 4.2 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-36446) filed on May 4, 2017).
4.15	Indenture dated as of May 30, 2017, among PBF Holding Company LLC, PBF Finance Corporation, the Guarantors named on the signature pages thereto, Wilmington Trust, National Association, as Trustee and Deutsche Bank Trust Company Americas, as Paying Agent, Registrar, Transfer Agent and Authenticating Agent and Form of Note included as Exhibit A (incorporated by reference to Exhibit 4.1 of PBF Energy Inc. s Current Report on Form 8-K (File No. 001-35764) filed on May 30, 2017).
4.16	Fifth Supplemental Indenture dated October 6, 2017, among PBF Logistics LP, PBF Logistics Finance Corporation, the Guarantors named therein and Deutsche Bank Trust Company Americas, as Trustee (incorporated by reference herein to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-36446) filed on October 6, 2017).
4.17	Registration Rights Agreement, dated as of October 6, 2017, among PBF Logistics LP, PBF Logistics Finance Corporation, the guarantors named therein and Deutsche Bank Trust Company Americas, as Trustee (incorporated by reference herein to Exhibit 4.2 to the Current Report on Form 8-K (File No. 001-36446) filed on October 6, 2017).

5.1*	Opinion of Kramer Levin Naftalis & Frankel LLP.
8.1*	Opinion of Kramer Levin Naftalis & Frankel LLP.

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Number	Description
10.1	Restated Warrant and Purchase Agreement between PBF Energy Company LLC and the officers party thereto, as amended (incorporated by reference to Exhibit 10.17 filed with PBF Energy Inc. s Amendment No. 4 to Registration Statement on Form S-1 (Registration No. 333-177933) filed on November 7, 2012).
10.2#	Form of Non-Qualified Stock Option Agreement under the PBF Energy Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.28 filed with PBF Energy Inc. s Amendment No. 6 to Registration Statement on Form S-1 (Registration No. 333-177933)).
10.3	Exchange Agreement, dated as of December 12, 2012 (incorporated by reference to Exhibit 10.3 filed with PBF Energy Inc. s Current Report on Form 8-K dated December 18, 2012 (File No. 001-35764)).
10.4	Tax Receivable Agreement, dated as of December 12, 2012 (incorporated by reference to Exhibit 10.2 filed with PBF Energy Inc. s Current Report on Form 8-K dated December 18, 2012 (File No. 001-35764)).
10.5#	Amended and Restated Employment Agreement dated as of December 17, 2012, between PBF Investments LLC and Thomas J. Nimbley (incorporated by reference to Exhibit 10.8 filed with PBF Energy Inc. s Current Report on Form 8-K dated December 18, 2012 (File No. 001-35764)).
10.6#	Second Amended and Restated Employment Agreement, dated as of December 17, 2012, between PBF Investments LLC and Matthew C. Lucey (incorporated by reference to Exhibit 10.9 filed with PBF Energy Inc. s Current Report on Form 8-K dated December 18, 2012 (File No. 001-35764)).
10.7	Form of Indemnification Agreement, dated December 12, 2012, between PBF Energy Inc. and each of the executive officers and directors of PBF Energy Inc. (incorporated by reference herein to Exhibit 10.5 filed with PBF Energy Inc. s Current Report on Form 8-K (File No. 001-35764) filed on December 18, 2012).
10.8#	Form of Phantom Unit Agreement for Employees, under the PBF Logistics LP 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.8 filed with PBF Logistics LP s Registration Statement on Form S-1, as amended, originally filed on April 22, 2014 (File No. 333-195024)).
10.9#	Form of Phantom Unit Agreement for Non-Employee Directors, under the PBF Logistics LP 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.7 filed with PBF Logistics LP s Registration Statement on Form S-1, as amended originally filed on April 22, 2014 (File No. 333-195024)).
10.10	Form of Indemnification Agreement between PBF Logistics LP, PBF Logistics GP LLC and each of the executive officers and directors of PBF Logistics LP and PBF Logistics GP LLC (incorporated by reference to Exhibit 10.11 filed with PBF Logistics LP s Registration Statement on Form S-1, as amended, originally filed on April 22, 2014 (File No. 333-195024)).
10.11#	Employment Agreement dated as of April 1, 2014 between PBF Investments LLC and Erik Young. (incorporated by reference to Exhibit 10.2 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated May 7, 2014 (File No. 001-35764)).
10.12#	Employment Agreement dated as of April 1, 2014 between PBF Investments LLC and Timothy Paul Davis (incorporated by reference to Exhibit 10.4 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated May 7, 2014 (File No. 001-35764)).
10.13	Revolving Credit Agreement dated as of May 14, 2014 among PBF Logistics LP as Borrower, Wells Fargo Bank, National Association as Administrative Agent, Swingline Lender, L/C issuer and lender

and the other lenders party thereto (incorporated by reference herein to Exhibit 10.5 to the Current Report on Form 8-K (File No. 001-36446) filed on May 14, 2014).

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Number	Description
10.14	Contribution, Conveyance and Assumption Agreement dated as of May 8, 2014 by and among PBF Logistics LP, PBF Logistics GP LLC, PBF Energy Inc., PBF Energy Company LLC, PBF Holding Company LLC, Delaware City Refining Company LLC, Delaware City Terminaling Company LLC and Toledo Refining Company LLC (incorporated by reference to Exhibit 10.1 filed with PBF Energy Inc. s Current Report on Form 8-K dated May 14, 2014 (File No. 001-35764)).
10.15	Delaware City Rail Terminaling Services Agreement dated as of May 14, 2014 by and between PBF Holding Company LLC and Delaware City Terminaling Company LLC (incorporated by reference herein to Exhibit 10.6 to the Current Report on Form 8-K (File No. 001-36446) filed on May 14, 2014).
10.16#	PBF Logistics LP 2014 Long-Term Incentive Plan, adopted as of May 14, 2014 (incorporated by reference herein to Exhibit 10.8 to the Current Report on Form 8-K (File No. 001-36446) filed on May 14, 2014).
10.17	Amended and Restated Toledo Truck Unloading & Terminaling Agreement effective as of June 1, 2014 (incorporated by reference to Exhibit 10.10 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated August 7, 2014 (File No. 001-35764)).
10.17.1	Assignment and Amendment of Amended and Restated Toledo Truck Unloading & Terminaling Agreement dated as of December 12, 2014 by and between PBF Holding Company LLC, PBF Logistics LP and Toledo Terminaling Company LLC (incorporated by reference herein to Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-36446) filed on December 16, 2014).
10.18	Contribution Agreement dated as of September 16, 2014 among PBF Energy Company LLC and PBF Logistics LP (incorporated by reference herein to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36446) filed on September 19, 2014).
10.19	Third Amended and Restated Revolving Credit Agreement, dated as of August 15, 2014, among PBF Holding Company LLC, Delaware City Refining Company LLC, Paulsboro Refining Company LLC, Toledo Refining Company LLC and UBS Securities LLC (incorporated by reference to Exhibit 10.2 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 7, 2014 (File No. 001-35764)).
10.20#	Form of Restricted Stock Award Agreement for Directors under the PBF Energy Inc. 2012 Equity Incentive Plan. (incorporated by reference to Exhibit 10.1 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 7, 2014 (File No. 001-35764)).
10.21	Contribution Agreement dated as of December 2, 2014 by and between PBF Energy Company LLC and PBF Logistics LP (incorporated by reference herein to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-36446) filed on December 5, 2014).
10.22	Storage and Terminaling Services Agreement dated as of December 12, 2014 among PBF Holding Company LLC and Toledo Terminaling Company LLC (incorporated by reference herein to Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-36446) filed on December 16, 2014).
10.23	Increase Agreement, dated as of December 5, 2014 (incorporated by reference herein to Exhibit 10.8 to the Annual Report on Form 10-K (File No. 001-36446) filed on February 26, 2015).
10.24	First Amendment to Loan Agreement dated as of April 29, 2015, by and among PBF Rail Logistics Company LLC and Credit Agricole Corporate and Investment Bank (incorporated by reference to Exhibit 10.1 filed with PBF Energy Inc. s Current Report on Form 8-K dated April 29, 2015 (File No. 001-35764)).

10.25	Contribution Agreement dated as of May 5, 2015 by and between PBF Energy Company LLC and PBF Logistics LP (incorporated by reference herein to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-36446) filed on May 5, 2015).

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Number	Description
10.26	Delaware Pipeline Services Agreement dated as of May 15, 2015 among PBF Holding Company LLC and Delaware Pipeline Company LLC (incorporated by reference herein to Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-36446) filed on May 18, 2015).
10.27	Delaware City Truck Loading Services Agreement dated as of May 15, 2015 among PBF Holding Company LLC and Delaware City Logistics Company LLC (incorporated by reference herein to Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-36446) filed on May 18, 2015).
10.28	Reaffirmation Agreement, dated as of December 5, 2014, by PBF Energy Company LLC with respect to the Amended and Restated Guaranty of Collection (incorporated by reference to Exhibit 10.8.1 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated August 6, 2015 (File No. 001-35764)).
10.29	Designation of Other Guaranteed Revolving Credit Obligations, dated as of December 12, 2014 with respect to the Amended and Restated Guaranty of Collection (incorporated by reference to Exhibit 10.8.2 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated August 6, 2015 (File No. 001-35764)).
10.30	Inventory Intermediation Agreement dated as of May 29, 2015 (as amended) between J. Aron & Company and PBF Holding Company LLC and Paulsboro Refining Company LLC (incorporated by reference to Exhibit 10.9 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated August 6, 2015 (File No. 001-35764)).
10.31	Inventory Intermediation Agreement dated as of May 29, 2015 (as amended) between J. Aron & Company and PBF Holding Company LLC and Delaware City Refining Company LLC (incorporated by reference to Exhibit 10.10 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated August 6, 2015 (File No. 001-35764)).
10.32	Guaranty of PBF Logistics LP dated as of January 29, 2016 (incorporated by reference herein to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36446) filed on February 4, 2016).
10.33#	Employment Agreement dated as of September 4, 2014 between PBF Investments LLC and Thomas O Connor (incorporated by reference to Exhibit 10.9 filed with PBF Energy Inc. s Annual Report on Form 10-K dated February 29, 2016 (File No. 001-35764)).
10.34#	PBF Energy Inc. Amended and Restated 2012 Equity Incentive Plan (incorporated by reference to DEF 14A filed with PBF Energy Inc. s Proxy Statement dated March 22, 2016 (File No. 001-35764)).
10.35#	Form of Restricted Stock Award Agreement for Directors under PBF Energy Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated May 5, 2016 (File No. 001-35764)).
10.36	Revolving Credit Facility Second Increase Agreement, dated as of May 19, 2016 (incorporated by reference herein to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (File No. 001-36446) filed on August 4, 2016).
10.37	Fourth Amended and Restated Omnibus Agreement dated as of August 31, 2016 among PBF Holding Company LLC, PBF Energy Company LLC, PBF Logistics GP LLC and PBF Logistics LP (incorporated by reference herein to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.38	Transportation Services Agreement dated as of August 31, 2016 among PBF Holding Company LLC and Torrance Valley Pipeline Company LLC (incorporated by reference herein to Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).

10.39	Pipeline Service Order dated as of August 31, 2016, by and between Torrance Valley Pipeline Company LLC, and PBF Holding Company LLC (incorporated by reference herein to Exhibit 10.4 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).

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Number	Description
10.40	Pipeline Service Order dated as of August 31, 2016, by and between Torrance Valley Pipeline Company LLC, and PBF Holding Company LLC (incorporated by reference herein to Exhibit 10.5 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.41	Dedicated Storage Service Order dated as of August 31, 2016, by and between Torrance Valley Pipeline Company LLC, and PBF Holding Company LLC (incorporated by reference herein to Exhibit 10.6 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.42	Throughput Storage Service Order dated as of August 31, 2016, by and between Torrance Valley Pipeline Company LLC, and PBF Holding Company LLC (incorporated by reference herein to Exhibit 10.7 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.43	Contribution Agreement dated as of August 31, 2016 by and between PBF Energy Company LLC and PBF Logistics LP (incorporated by reference herein to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-36446) filed on September 7, 2016).
10.44#	Form of Restricted Stock Agreement for Employees, under PBF Energy Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 filed with PBF Energy Inc. s Current Report on Form 8-K dated October 28, 2016 (File No. 001-35764)).
10.45#	Form of Restricted Stock Agreement for Employees, under PBF Energy Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 4, 2016 (File No. 001-35764)).
10.46	Joinder Agreement to the Amended and Restated ABL Security Agreement dated as of July 1, 2016, among Torrance Refining Company LLC and UBS AG, Stamford Branch, as Administrative Agent (incorporated by reference to Exhibit 10.10 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 4, 2016 (File No. 001-35764)).
10.47	Joinder Agreement to the Amended and Restated ABL Security Agreement dated as of July 1, 2016, among PBF Western Region LLC, Torrance Logistics Company LLC and UBS AG, Stamford Branch, as Administrative Agent (incorporated by reference to Exhibit 10.11 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 4, 2016 (File No. 001-35764)).
10.48	Joinder Agreement to the Third Amended and Restated Revolving Credit Agreement dated as of July 1, 2016, among PBF Holding Company LLC, the Guarantors named on the signature pages thereto including Torrance Refining Company LLC and UBS AG, Stamford Branch, as Administrative Agent (incorporated by reference to Exhibit 10.12 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 4, 2016 (File No. 001-35764)).
10.49	Joinder Agreement to the Third Amended and Restated Revolving Credit Agreement dated as of July 1, 2016, among PBF Holding Company LLC, the Guarantors named on the signature pages thereto including PBF Western Region LLC, Torrance Logistics Company LLC and UBS AG, Stamford Branch, as Administrative Agent (incorporated by reference to Exhibit 10.13 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 4, 2016 (File No. 001-35764)).
10.50	Second Amendment to Loan Agreement dated as of July 15, 2016, by and among PBF Rail Logistics Company LLC and Credit Agricole Corporate and Investment Bank (incorporated by reference to Exhibit 10.9 filed with PBF Energy Inc. s Quarterly Report on Form 10-Q dated November 4, 2016 (File No. 001-35764)).
10.51	

	Storage Services Agreement dated as of February 15, 2017 by and between PBFX Operating Company LLC and PBF Holding Company LLC (incorporated by reference herein to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36446) filed on February 16, 2017).
10.52	Lease Agreement dated as of February 15, 2017 by and between PBFX Operating Company LLC and Chalmette Refining, L.L.C. (incorporated by reference herein to Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-36446) filed on February 16, 2017).

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Number	Description
10.53	Contribution Agreement dated as of February 15, 2017 by and between PBF Energy Company LLC and PBF Logistics LP (incorporated by reference to Exhibit 2.1 filed with PBF Energy Inc. s Current Report on Form 8-K dated February 22, 2017 (File No. 001-35764)).
10.54	Fifth Amended and Restated Operation and Management Services and Secondment Agreement dated as of February 28, 2017 among PBF Holding Company LLC, Delaware City Refining Company LLC, Toledo Refining Company LLC, Torrance Refining Company LLC, Torrance Logistics Company LLC, PBF Logistics GP LLC , PBF Logistics LP, Delaware City Terminaling Company LLC, Delaware Pipeline Company LLC, Delaware City Logistics Company LLC, Toledo Terminaling Company LLC, PBFX Operating Company LLC, Paulsboro Refining Company LLC, Paulsboro Natural Gas Pipeline Company LLC and Chalmette Refining L.L.C. (incorporated by reference herein to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36446) filed on March 3, 2017).
10.55	Precedent Agreement dated as of February 28, 2017 by Paulsboro Natural Gas Pipeline Company LLC and Paulsboro Refining Company LLC (incorporated by reference herein to Exhibit 10.6 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-36446) filed on May 4, 2017).
10.56	Expansion Rights and Right of First Refusal Agreement dated as of February 28, 2017 among PBF Energy Company LLC, PBF Logistics GP LLC, and PBF Logistics LP (incorporated by reference herein to Exhibit 10.7 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-36446) filed on May 4, 2017).
10.57#	PBF Energy Inc. 2017 Equity Incentive Plan (incorporated by reference to Exhibit 4.1 filed with PBF Energy Inc. s Registration Statement on Form S-8 (Registration No, 333-218075) filed on May 18, 2017).
10.58#	Form of Restricted Stock Agreement for Directors under the PBF Energy Inc. 2017 Equity Incentive Plan (incorporated by reference herein to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (File No. 001-35764) filed on August 3, 2017).
10.59	Amendment to the Inventory Intermediation Agreement dated as of September 8, 2017, among J. Aron & Company, PBF Holding Company LLC and Paulsboro Refining Company LLC (incorporated by reference to Exhibit 10.1 of PBF Energy Inc. s Current Report on Form 8-K/A (File No. 001-35764) filed on September 18, 2017).
10.60	Amendment to the Inventory Intermediation Agreement dated as of September 8, 2017, among J. Aron & Company, PBF Holding Company LLC and Delaware City Refining Company LLC (incorporated by reference to Exhibit 10.2 of PBF Energy Inc. s Current Report on Form 8-K/A (File No. 001-35764) filed on September 18, 2017).
10.61	Amended and Restated Guaranty of Collection dated as of October 6, 2017 (incorporated by reference herein to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35764) filed on October 6, 2017).
10.62#	Form of 2017 Equity Incentive Plan Restricted Stock Agreement (incorporated by reference to Exhibit 10.1 of PBF Energy Inc. s Current Report on Form 8-K (File No. 001-35764) filed on October 31, 2017).
10.63#	Form of 2017 Equity Incentive Plan Non-Qualified Stock Agreement (incorporated by reference to Exhibit 10.2 of PBF Energy Inc. s Current Report on Form 8-K (File No. 001-35764) filed on October 31, 2017).

10.64	Firm Transportation Service Agreement dated as of August 3, 2017, by and between Paulsboro Natural Gas Pipeline Company LLC and Paulsboro Refining Company LLC (incorporated by reference herein to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 (File No. 001-36446) filed on November 2, 2017).

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Number	Description
10.65#	Amended and Restated Restricted Stock Agreement for Directors under the PBF Energy Inc. 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 of PBF Energy Inc. s Annual Report on Form 10-K (File No. 001-35764) filed on February 22, 2018).
10.66#	Form of Amended and Restated Non-Qualified Stock Option Agreement under the PBF Energy Inc. 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 of PBF Energy Inc. s Annual Report on Form 10-K (File No. 001-35764) filed on February 22, 2018).
10.67#	Form of Amended and Restated Restricted Stock Agreement, under PBF Energy Inc. 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 of PBF Energy Inc. s Annual Report on Form 10-K (File No. 001-35764) filed on February 22, 2018).
10.68	Amendment No. 1 to Delaware City West Ladder Rack Terminaling Services Agreement dated as of December 28, 2017 among PBF Holding Company LLC and Delaware City Terminaling Company II LLC (incorporated by reference to Exhibit 10.32 of the Annual Report on Form 10-K (File No. 001-36446) filed on February 22, 2018).
12.1*	Computation of Ratios of Earnings to Fixed Charges of PBF Logistics LP.
12.2*	Computation of Ratios of Earnings to Fixed Charges of PBF Energy Company LLC.
21.1*	Subsidiaries of PBF Logistics LP.
21.2*	Subsidiaries of PBF Energy Company LLC.
23.1*	Consent of Deloitte & Touche LLP.
23.2*	Consent of Deloitte & Touche LLP.
23.3*	Consent of Deloitte & Touche LLP.
23.4*	Consent of Kramer Levin Naftalis & Frankel LLP (included in Exhibit 5.1).
23.5*	Consent of Kramer Levin Naftalis & Frankel LLP (included in Exhibit 8.1).
24.1*	Power of Attorney (included on signature page).
25.1*	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of Deutsche Bank Trust Company Americas with respect to the Indenture governing the 6.875% Senior Notes due 2023.
99.1*	Form of Letter of Transmittal for Holders of Global Notes.
99.2*	Form of Letter of Transmittal for Holders of Definitive Notes.
99.3*	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99.4*	Form of Letter to Clients.
99.5*	Form of Notice of Guaranteed Delivery.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.
\# Represents management contract or compensatory plan or arrangement.
Confidential treatment has been granted by the SEC as to certain portions, which portions have been omitted and filed separately with the SEC.

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(b) Financial Statement Schedules

See the Index to Financial Statements included on page F-1 for a list of the financial statements included in this registration statement.

All schedules not identified above have been omitted because they are not required, are not applicable or the information is included in the selected consolidated financial data or notes contained in this registration statement.

Item 22. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of a registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Each registrant hereby undertakes:

To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(b) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(c) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if such registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

That, for the purpose of determining liability of such registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, in a primary offering of securities of such registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(a) any preliminary prospectus or prospectus of the undersigned registrants relating to the offering required to be filed pursuant to Rule 424;

(b) any free writing prospectus relating to the offering prepared by or on behalf of such registrant or used or referred to by the undersigned registrants;

(c) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrants or their securities provided by or on behalf of such registrant; and

(d) any other communication that is an offer in the offering made by such registrant to the purchaser.

That, for purposes of determining any liability under the Securities Act of 1933, each filing of a registrant s annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

PBF LOGISTICS LP

By: PBF Logistics GP LLC, its general partner

By: /s/ Trecia M. Canty
Name: Trecia M. Canty
Title: Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley Thomas J. Nimbley	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)
/s/ Erik Young Erik Young	Senior Vice President, Chief Financial Officer and Director (Principal Financial Officer)
/s/ John Barone John Barone	Chief Accounting Officer (Principal Accounting Officer)

/s/ Matthew C. Lucey Matthew C. Lucey	Executive Vice President and Director
/s/ Michael D. Gayda Michael D. Gayda	Director

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Signature	Title
/s/ Bruce A. Jones Bruce A. Jones	Director
/s/ David Roush Dave Roush	Director
/s/ Karen Davis Karen Davis	Director

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

PBF LOGISTICS FINANCE CORPORATION

By: /s/ Trecia M. Canty
Name: Trecia M. Canty
Title: Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley Thomas J. Nimbley	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Erik Young Erik Young	Senior Vice President, Chief Financial Officer and Director (Principal Financial Officer)
/s/ John Barone John Barone	Principal Accounting Officer, Controller and Assistant Secretary
/s/ Matthew C. Lucey Matthew C. Lucey	Director

/s/ Trecia M. Canty Trecia M. Canty	Director

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

DELAWARE CITY LOGISTICS COMPANY LLC

By: /s/ Trecia M. Canty
Name: Trecia M. Canty
Title: Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley	Chief Executive Officer
Thomas J. Nimbley	(Principal Executive Officer)
/s/ Erik Young	Senior Vice President, Chief Financial Officer
Erik Young	(Principal Financial Officer)
/s/ John Barone	Principal Accounting Officer, Controller and Assistant Secretary
John Barone	

Member:

PBF Logistics LP

By: PBF Logistics GP LLC, its general partner

/s/ Trecia M. Canty	Senior Vice President, General Counsel and Secretary
Trecia M. Canty	

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

DELAWARE CITY TERMINALING COMPANY LLC

By: /s/ Trecia M. Canty
Name: Trecia M. Canty
Title: Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley	Chief Executive Officer
Thomas J. Nimbley	(Principal Executive Officer)
/s/ Erik Young	Senior Vice President, Chief Financial Officer and Director
Erik Young	(Principal Financial Officer)
/s/ John Barone	Principal Accounting Officer, Controller and Assistant Secretary
John Barone	

/s/ Trecia M. Canty	Director
Trecia M. Canty	
/s/ Matthew C. Lucey	Director
Matthew C. Lucey	

Member:

PBF Logistics LP

By: PBF Logistics GP LLC, its general partner

/s/ Trecia M. Canty	Senior Vice President, General Counsel and Secretary
Trecia M. Canty	

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

DELAWARE PIPELINE COMPANY LLC

By:	/s/ Trecia M. Canty
Name:	Trecia M. Canty
Title:	Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley	Chief Executive Officer and Director
Thomas J. Nimbley	(Principal Executive Officer)
/s/ Erik Young	Senior Vice President, Chief Financial Officer
Erik Young	(Principal Financial Officer)
/s/ John Barone	Principal Accounting Officer, Controller and Assistant Secretary
John Barone	

/s/ Trecia M. Canty	Director
Trecia M. Canty	
/s/ Matthew C. Lucey	Director
Matthew C. Lucey	

Member:

PBF Logistics LP

By: PBF Logistics GP LLC, its general partner

/s/ Trecia M. Canty	Senior Vice President, General Counsel and Secretary
Trecia M. Canty	

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

PBF ENERGY COMPANY LLC

By:	/s/ Trecia M. Canty
Name:	Trecia M. Canty
Title:	Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley	Chief Executive Officer
Thomas J. Nimbley	(Principal Executive Officer)
/s/ Erik Young	Senior Vice President, Chief Financial Officer
Erik Young	(Principal Financial Officer)
/s/ John Barone	Principal Accounting Officer, Controller and Assistant
John Barone	Secretary
Managing Member:	

PBF Energy Inc.

/s/ Trecia M. Canty	Senior Vice President, General Counsel and Secretary
Trecia M. Canty	

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

TOLEDO TERMINALING COMPANY LLC

By: /s/ Trecia M. Canty
Name: Trecia M. Canty
Title: Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley Thomas J. Nimbley	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Erik Young Erik Young	Senior Vice President, Chief Financial Officer and Director (Principal Financial Officer)
/s/ John Barone John Barone	Principal Accounting Officer, Controller and Assistant Secretary
/s/ Trecia M. Canty	Director

Trecia M. Canty

/s/ Matthew C. Lucey	Director
Matthew C. Lucey	

Member:

PBFX Operating Company LLC

By: /s/ Trecia M. Canty	Senior Vice President, General Counsel and Secretary
Trecia M. Canty	

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

PAULSBORO NATURAL GAS PIPELINE COMPANY LLC

By:	/s/ Trecia M. Canty
Name:	Trecia M. Canty
Title:	Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley Thomas J. Nimbley	Chief Executive Officer (Principal Executive Officer)
/s/ Erik Young Erik Young	Senior Vice President, Chief Financial Officer (Principal Financial Officer)
/s/ John Barone John Barone	Principal Accounting Officer, Controller and Assistant Secretary

Member:

PBF Logistics LP

By: PBF Logistics GP LLC, its general partner

/s/ Trecia M. Canty Trecia M. Canty	Senior Vice President, General Counsel and Secretary

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

PBF LOGISTICS PRODUCTS TERMINALS LLC

By:	/s/ Trecia M. Canty
Name:	Trecia M. Canty
Title:	Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley Thomas J. Nimbley	Chief Executive Officer (Principal Executive Officer)
/s/ Erik Young Erik Young	Senior Vice President, Chief Financial Officer (Principal Financial Officer)
/s/ John Barone John Barone	Principal Accounting Officer, Controller and Assistant Secretary

Member:

PBF Logistics LP

By: PBF Logistics GP LLC, its general partner

/s/ Trecia M. Canty Trecia M. Canty	Senior Vice President, General Counsel and Secretary

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

PBFX OPERATING COMPANY LLC

By: /s/ Trecia M. Canty
Name: Trecia M. Canty
Title: Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley Thomas J. Nimbley	Chief Executive Officer (Principal Executive Officer)
/s/ Erik Young Erik Young	Senior Vice President, Chief Financial Officer (Principal Financial Officer)
/s/ John Barone John Barone	Principal Accounting Officer, Controller and Assistant Secretary

Member:

PBFX Operating Company LLC

By: /s/ Trecia M. Canty Trecia M. Canty	Senior Vice President, General Counsel and Secretary

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Parsippany-Troy Hills, State of New Jersey, on March 12, 2018.

TORRANCE VALLEY PIPELINE COMPANY LLC

By:	/s/ Trecia M. Canty
Name:	Trecia M. Canty
Title:	Senior Vice President, General Counsel and Secretary

POWER OF ATTORNEY

We, the undersigned, hereby severally constitute and appoint Trecia Canty, Erik Young and Matthew C. Lucey and each of them individually, our true and lawful attorneys-in-fact and agents, with full powers of substitution and resubstitution in each of them for him or her and in his or her name, place and stead, and in any and all capacities (including, as applicable, our capacities as directors of the Registrant), to sign for us any and all amendments to this registration statement (including post-effective amendments) and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933 in connection with the registration under the Securities Act of 1933 of the securities of the Registrant, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of them might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities indicated, on March 12, 2018.

Signature	Title
/s/ Thomas J. Nimbley Thomas J. Nimbley	Chief Executive Officer (Principal Executive Officer)
/s/ Erik Young Erik Young	Senior Vice President, Chief Financial Officer (Principal Financial Officer)
/s/ John Barone John Barone	Principal Accounting Officer, Controller and Assistant Secretary

Member:

PBF Logistics LP

By: PBF Logistics GP LLC, its general partner

/s/ Trecia M. Canty Trecia M. Canty	Senior Vice President, General Counsel and Secretary