Delek US Holdings, Inc.
Form 10-K
February 29, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 18 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2015

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-32868

DELEK US HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	52-2319066
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7102 Commerce Way Brentwood, Tennessee	37027
(Address of principal executive offices)	(Zip Code)

(615) 771-6701
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (section 232.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments of this Form 10-K. þ

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

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

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

The aggregate market value of the common stock held by non-affiliates as of June 30, 2015 was approximately $2,309,924,976, based upon the closing sale price of the registrant's common stock on the New York Stock Exchange on that date. For purposes of this calculation only, all directors, officers subject to Section 16(b) of the Securities Exchange Act of 1934, and 10% stockholders are deemed to be affiliates.

At February 24, 2016, there were 62,137,054 shares of the registrant's common stock, $.01 par value, outstanding (excluding securities held by, or for the account of, the Company or its subsidiaries).
Documents incorporated by reference
Portions of the registrant's definitive Proxy Statement to be delivered to stockholders in connection with the 2016 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2015, are incorporated by reference into Part III of this Form 10-K.

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Unless otherwise indicated or the context requires otherwise, the terms "Delek," "we," "our," "Company" and "us" are used in this report to refer to Delek US Holdings, Inc. and its consolidated subsidiaries. See also "Glossary of Terms" included in Item 1, Business, of this Annual Report on Form 10-K for definitions of certain business and industry terms used herein.

Statements in this Annual Report on Form 10-K, other than purely historical information, including statements regarding our plans, strategies, objectives, beliefs, expectations and intentions are forward-looking statements. These forward-looking statements generally are identified by the words "may," "will," "should," "could," "would," "predicts," "intends," "believes," "expects," "plans," "scheduled," "goal," "anticipates," "estimates" and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, including those discussed below and in Item 1A, Risk Factors, which may cause actual results to differ materially from the forward-looking statements. See also "Forward-Looking Statements" included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

PART I

ITEMS 1 and 2. BUSINESS and PROPERTIES

Company Overview

We are an integrated energy business focused on petroleum refining, the transportation, storage and wholesale of crude oil, intermediate and refined products and convenience store retailing. Delek US Holdings, Inc. ("Holdings"), a Delaware corporation formed in 2001, is the sole shareholder or owner of membership interests of Delek Refining, Inc. ("Refining"), Delek Finance, Inc., Delek Marketing & Supply, LLC, Lion Oil Company ("Lion Oil"), Delek Renewables, LLC, Delek Rail Logistics, Inc., Delek Logistics Services Company, MAPCO Express, Inc. ("MAPCO Express"), MAPCO Fleet, Inc., NTI Investments, LLC, GDK Bearpaw, LLC, Delek Helena, LLC, Commerce Way Insurance Company, Inc., Delek Land Holdings, LLC and Delek Transportation, LLC. In addition, as of December 31, 2015, we owned a 59.7% limited partner interest in Delek Logistics Partners, LP ("Delek Logistics"), a publicly traded master limited partnership that we formed in April 2012, and a 95.4% interest in Delek Logistics GP, LLC ("Logistics GP"), which owns the entire 2.0% general partner interest in Delek Logistics. Unless otherwise indicated or the context requires otherwise, the terms "we," "our," "us," "Delek" and the "Company" are used in this report to refer to Delek US Holdings, Inc. and its consolidated subsidiaries. Our business consists of three operating segments: refining, logistics and retail.

Our refining segment operates independent refineries in Tyler, Texas (the "Tyler refinery") and El Dorado, Arkansas (the "El Dorado refinery") with a combined design crude throughput capacity of 155,000 bpd. The Tyler refinery sells the majority of its production over a refinery truck rack owned and operated by our logistics segment to supply the local market in the east Texas area. The El Dorado refinery sells a portion of its production at the refinery truck rack, which is owned and operated by our logistics segment, but the majority of the refinery's production is shipped into the Enterprise Pipeline System and our logistics segment's El Dorado Pipeline system to supply a combination of pipeline bulk sales and wholesale rack sales at terminal locations along the pipeline, including Shreveport, Louisiana, North Little Rock, Arkansas, Memphis, Tennessee, and Cape Girardeau, Missouri. Our refining segment also owns and operates two biodiesel facilities involved in the production of biodiesel fuels and related activities, located in Crossett, Arkansas and Cleburne, Texas.

Our logistics segment gathers, transports and stores crude oil and markets, distributes, transports and stores refined products in select regions of the southeastern United States and west Texas for both our refining segment and third parties. The logistics segment owns approximately 400 miles of crude oil transportation pipelines, approximately 245 miles of active refined product pipelines, an approximately 600-mile crude oil gathering system and associated crude oil storage tanks with an aggregate of approximately 8.5 million barrels of active shell capacity. Our logistics segment owns and operates nine terminals and markets light products using third-party terminals.

Our retail segment markets gasoline, diesel, other refined petroleum products and convenience merchandise through a network of approximately 358 company-operated retail fuel and convenience stores located in Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia.

The following map outlines the geography of our integrated downstream energy structure, from crude gathering to retail locations:

Corporate Headquarters

We lease our corporate headquarters at 7102 Commerce Way, Brentwood, Tennessee. The lease is for 54,000 square feet of office space. The lease term expires in April 2022.

Liens and Encumbrances

The majority of the assets described in this Form 10-K are pledged under and encumbered by certain of our debt facilities. See Note 11 of the consolidated financial statements included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for further information.

Business Strategy

Historically, we have grown through acquisitions across each of our segments. This is exemplified by the acquisitions of the Tyler refinery and El Dorado refinery in 2005 and 2011, respectively. We also purchased a series of logistics assets since 2006 that created a new growth platform for the Company and provide support to our refining assets as well as third party customers. In the retail segment, after growing through a series of acquisitions from 2001 to 2007, we have focused on managing our portfolio of existing stores while building new large format stores in our market area, as well as leveraging our gasoline supply opportunities from our refining segment. Our business strategy is focused on growing our integrated business model that allows us to participate from moving crude oil to our refineries for processing into refined products to selling fuel to customers across our retail network. This growth may come from acquisitions as well as investments in our existing businesses, as we continue to broaden our existing geographic presence and integrated business model.

We completed a number of acquisitions during the year ended December 31, 2015, which are described in detail in the section entitled "Executive Summary and Strategic Overview-Strategic Accomplishments-Acquisitions" under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

2015 Strategic Acquisitions

Alon USA Energy Stock Purchase Agreement

In May 2015, Delek acquired from Alon Israel Oil Company, Ltd. ("Alon Israel") approximately 33.7 million shares of common stock (the "ALJ Shares") of Alon USA Energy, Inc. (NYSE: ALJ) ("Alon USA"), pursuant to the terms of a stock purchase agreement with Alon Israel dated April 14, 2015 (the "Alon Acquisition"). The ALJ Shares represent an equity interest in Alon USA of approximately 48%. The Company acquired the ALJ Shares for the following combination of cash, stock and seller-financed debt:

- The Company issued 6,000,000 shares of the Company's common stock, par value $0.01 per share (the "DK Shares"), to Alon Israel. The DK Shares were subject to customary restrictions on transfer for 180 days following the closing of the Alon Acquisition and are subject to a right of first refusal in favor of Delek for five years following the closing of the Alon Acquisition;

- The Company issued an unsecured $145.0 million term promissory note payable to Alon Israel that bears interest at a rate of 5.5% per annum and requires five annual principal amortization payments of $25.0 million followed by a final principal amortization payment of $20.0 million at maturity in January 2021;

- The Company paid Alon Israel $200.0 million in cash at closing funded with a combination of cash on hand and borrowings under the Lion Term Loan (defined below); and

- The Company agreed to pay Alon Israel $5.0 million of additional consideration, to be paid ratably in annual installments over a period of 5 years.

The Company will also issue an additional 200,000 restricted shares of the Company's common stock, par value $0.01 per share, to Alon Israel if the closing price of the Company's common stock is greater than $50.00 per share for at least 30 consecutive trading days that end on or before May 14, 2017.

Alon USA is an independent refiner and marketer of petroleum products, operating primarily in the South Central, Southwestern and Western regions of the United States. Alon USA owns 100% of the general partner and 81.6% of the limited partner interests in Alon USA Partners, LP (NYSE: ALDW), which owns a crude oil refinery in Big Spring, Texas, with a crude oil throughput capacity of 73,000 bpd and an integrated wholesale marketing business. In addition, Alon USA directly owns a crude oil refinery in Krotz Springs, Louisiana, with a crude oil throughput capacity of 74,000 bpd. Alon USA also owns crude oil refineries in California, which have not processed crude oil since 2012. Alon USA is a leading marketer of asphalt, which they distribute primarily through asphalt terminals located predominately in the Southwestern and Western United States. Alon USA is the largest 7-Eleven licensee in the United States and operates approximately 300 convenience stores which market motor fuels in Central and West Texas and New Mexico.

Joint Ventures

On March 20, 2015, the logistics segment entered into two joint ventures that are currently constructing logistics assets, which will serve third parties and the refining segment. The total projected investment for the two joint ventures is approximately $96.0 million. These assets include the following:

- a 50% interest in an 80-mile crude oil pipeline with a capacity of 80,000 bpd that originates in Longview, Texas with destinations in the Shreveport, Louisiana area (the "Caddo Pipeline") and;
- a 33% interest in a 107-mile crude oil pipeline with a capacity of 55,000 bpd with the capability to expand to 85,000 bpd, that originates in north Loving County, Texas near the Texas-New Mexico border and terminates in Midland, Texas ("the RIO Pipeline").

Information About Our Segments
We prepare segment information on the same basis on which we review financial information for operational decision making purposes. In conjunction with the acquisition by a subsidiary of Delek Logistics of two crude oil offloading racks and related ancillary assets adjacent to the El Dorado refinery (the "El Dorado Offloading Racks Acquisition") and the acquisition of a crude oil storage tank and related ancillary assets adjacent to the Tyler refinery (the "Tyler Crude Tank Acquisition"), we reclassified the components of certain operating segments. The results of the operations of the assets associated with these acquisitions were previously reported as part of our refining segment and are now reported in our logistics segment. The historical results of the operations of these assets have been retrospectively adjusted to conform to the current presentation.
Additional segment and financial information is contained in our segment results included in Item 6, Selected Financial Data, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in Note 13, Segment Data, of our consolidated financial statements included in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

Refining Segment

Overview

We own and operate two independent refineries located in Tyler, Texas and El Dorado, Arkansas, currently representing a combined 155,000 bpd of crude throughput capacity. Our refining system produces a variety of petroleum-based products used in transportation and industrial markets which are sold to a wide range of customers located principally in inland, domestic markets.

Both of our refineries are located in the U.S. Gulf Coast Region (PADD 3), which is one of the five PADD regional zones established by the U.S. Department of Energy where refined products are produced and sold. Refined product prices generally differ among each of the five PADDs.

Our refining segment also owns and operates two biodiesel facilities engaged in the production of biodiesel fuels and related activities, located in Crossett, Arkansas and Cleburne, Texas.

Refining System Feedstock Purchases
Our refining system purchases crude oil and other feedstocks through short term agreements, some of which may include renewal provisions, and through spot market transactions. The majority of the crude oil we purchase is sourced from inland domestic sources, primarily originating in areas of Texas and Arkansas. We also have the ability to purchase crude delivered by rail car that originates primarily in other parts of the United States and Canada. A large portion of the crude oil currently purchased at both the Tyler and El Dorado refineries is priced at a differential to the price per barrel of WTI. In most cases, this differential is established during the month prior to the month in which the crude oil is processed at our refineries.

Refining System Production Slate
Our refining system processes a combination of light sweet and medium sour crude oils which, when refined, results in a product mix consisting principally of higher-value transportation fuels such as gasoline, distillate and jet fuel. A lesser portion of our overall production consists of residual products, including paving asphalt, roofing flux and other products with industrial applications.

Refined Product Sales and Distribution

Our refining segment sells products on a wholesale basis to inter-company and third-party customers located around east Texas, Arkansas, Tennessee and the Ohio River Valley, including gulf coast markets and areas along the

Enterprise Pipeline System and along the Colonial Pipeline System through exchanges.

Refining Segment Seasonality

Demand for gasoline and asphalt products is generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic and road and home construction. 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 the calendar year.

Refining Segment Competition

The refining industry is highly competitive and includes fully integrated national and multinational oil companies engaged in many segments of the petroleum business, including exploration, production, transportation, refining, marketing and retail fuel and convenience stores. Our principal competitors are petroleum refiners in the Mid-Continent and Gulf Coast regions, in addition to wholesale distributors operating in these markets.

The principal competitive factors affecting our refinery operations are crude oil and other feedstock costs, the differential in price between various grades of crude oil, refinery product margins, refinery reliability and efficiency, refinery product mix, and distribution and transportation costs.

Refining Segment - Tyler Refinery

Our Tyler refinery has a nameplate crude throughput capacity of 75,000 bpd. The refinery is situated on approximately 100 out of a total of approximately 600 contiguous acres of land (excluding pipelines) that we own in Tyler, Texas and adjacent areas. During the first quarter of 2015, we conducted a maintenance turnaround at the Tyler refinery, as well as replaced the fluid catalytic cracking reactor. In addition, during the turnaround, we completed a project to expand the crude nameplate capacity at the Tyler refinery by 15,000 bpd to its current 75,000 bpd. See the section entitled “Executive Summary and Strategic Overview-Strategic Accomplishments-Refining Segment” under Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K for a description of the turnaround and expansion activities.

The Tyler refinery is currently the only major distributor of a full range of refined petroleum products within a radius of approximately 100 miles of its location. The Tyler refinery is designed to process mainly light, sweet crude oil, which is typically of a higher quality than heavier sour crudes. The Tyler refinery has access to crude oil pipeline systems that allow us access to East Texas, West Texas and limited Gulf of Mexico and foreign crude oils. Most of the crude supplied to the Tyler refinery is delivered by third-party pipelines and through pipelines owned by our logistics segment.

The charts below set forth information concerning crude oil received at the Tyler refinery for the years ended December 31, 2015 and 2014:

The table below sets forth information concerning the Tyler refinery's units and capacities:

Unit	Capacity (bpd)
Crude processing unit - atmospheric column	75,000
Crude processing unit - vacuum tower	24,000
Distillate hydrotreating unit	36,000
Naphtha hydrotreating unit	28,000
Fluid catalytic cracking unit	20,200
Continuous catalyst regeneration reforming unit	17,500
Gasoline hydrotreating unit	13,500
Delayed coking unit	7,500
Sulfuric alkylation unit (alkylate production capacity)	4,720

The Tyler refinery has a Complexity Index of 8.7. The fluid catalytic cracking unit and delayed coker enabled us to produce approximately 97.8% light products in 2015, including primarily a full range of gasoline, diesel, jet fuels, liquefied petroleum gas and natural gas liquids.

The chart below sets forth information concerning the throughput at the Tyler refinery:

* In the first quarter of 2015, we completed a scheduled turnaround and an expansion project at the Tyler refinery. Total throughputs for the period from April 1, 2015 through December 31, 2015 were 75,058 bpd.

The Tyler refinery primarily produces two grades of gasoline (premium - 93 octane and regular - 87 octane), as well as aviation gasoline. Diesel and jet fuel products produced at the Tyler refinery include military specification jet fuel, commercial jet fuel and ultra-low sulfur diesel. The Tyler refinery offers both E-10 and biodiesel blended products. In addition to higher-value gasoline and distillate fuels, the Tyler refinery produces small quantities of propane, refinery grade propylene and butanes, petroleum coke, slurry oil, sulfur and other blendstocks.

The chart below sets forth information concerning the Tyler refinery's production slate:

The vast majority of our transportation fuels and other products produced at the Tyler refinery are sold directly from a refined products terminal owned by Delek Logistics and located at the refinery. We believe this allows our customers to benefit from lower transportation costs compared to alternative sources. Our customers include major oil companies, independent refiners and marketers, jobbers, distributors, utility and transportation companies, the U.S. government and independent retail fuel operators.

Taking into account the Tyler refinery's crude and product slate, as well as the refinery's location near the Gulf Coast region, we apply a Gulf Coast 5-3-2 crack spread to calculate the approximate gross margin resulting from processing one barrel of crude oil into three-fifths of a barrel of gasoline and two-fifths of a barrel of high sulfur diesel. We calculate the Gulf Coast crack spread using the market values of U.S. Gulf Coast Pipeline CBOB and U.S. Gulf Coast Pipeline No. 2 Heating Oil (high-sulfur diesel) and the market value of WTI crude oil. U.S. Gulf Coast Pipeline CBOB and U.S. Gulf Coast Pipeline No. 2 Heating Oil are prices for which the products trade in the Gulf Coast region.

Refining Segment - El Dorado Refinery
Our El Dorado refinery has a crude throughput capacity of 80,000 bpd. The El Dorado site consists of approximately 460 acres of which the main plant and associated tank farms adjacent to the refinery sit on approximately 335 acres. The El Dorado refinery is the largest refinery in Arkansas and represents more than 90% of state-wide refining capacity.

The El Dorado refinery is designed mainly to process a wide variety of crude oil, ranging from light sweet to heavy sour. The refinery receives crude by several delivery points, including local crude and other third party pipelines that connect directly into Delek Logistics' El Dorado Pipeline System, which runs from Magnolia, Arkansas, to the El Dorado refinery (the "El Dorado Pipeline System"), and rail at third party terminals.

In 2015, we purchased crude oil for the El Dorado refinery from inland sources in east and west Texas, from south Arkansas and north Louisiana through a crude oil gathering system owned and operated by Delek Logistics (the "SALA Gathering System"), via rail and from the Gulf Coast. At present, J. Aron and Company ("J. Aron"), through arrangements with various oil companies, supplies a substantial portion of the El Dorado refinery's crude oil input requirements pursuant to an amended and restated Master Supply and Offtake Agreement (the "S&O Agreement").

The charts below set forth information concerning crude oil received at the El Dorado refinery for the years ended December 31, 2015 and 2014:

The table below sets forth information concerning the El Dorado refinery's units and capacities:

Unit	Capacity (bpd, except as noted)
Crude processing unit - atmospheric column	80,000
Crude processing unit - vacuum tower	55,000
Distillate hydrotreating unit	35,000
Fluid catalytic cracking unit	20,140
Naphtha hydrotreating unit	17,900
LSR naphtha hydrotreating unit	7,750
Gas oil hydrotreating unit	20,900
Hydrogen steam methane reforming unit (in MScf/d)	10,000
Gasoline hydrotreating unit	8,500
Continuous catalyst regeneration reforming unit	15,300
Isomerization unit	7,500
Sulfuric alkylation unit (alkylate production capacity)	5,000

The actual average annual crude unit throughput will vary based on economics and market requirements, as well as other physical limitations that affect the daily throughput or the utilization rate of the refinery. Due to constraints in downstream conversion, the operable capacity of the El Dorado refinery is estimated at approximately 80,000 bpd. The El Dorado refinery has a Complexity Index of 10.2.

The chart below sets forth information concerning the throughput at the El Dorado refinery:

* In the first quarter of 2014, we completed a scheduled turnaround and certain other discretionary capital projects at the El Dorado refinery. Total throughputs for the period from April 1, 2014 through December 31, 2014 were 82,151 bpd.

The El Dorado refinery produces a wide range of refined products, from multiple grades of gasoline and ultra-low sulfur diesel fuels, LPGs, refinery grade propylene and a variety of asphalt products, including paving grade asphalt and roofing flux. The El Dorado refinery produces both low-sulfur gasoline and ultra-low sulfur diesel fuel, in compliance with current clean fuels standards. The El Dorado refinery offers both E-10 and biodiesel blended products.

In 2015, gasoline, diesel, liquefied petroleum gas and natural gas liquids accounted for approximately 89.2% of the El Dorado refinery's production, while 10.8% of the product slate included various grades of asphalt, black oils and other residual products.

The chart below sets forth information concerning the El Dorado refinery's production slate:

Products manufactured at the El Dorado refinery are sold to wholesalers and retailers through spot sales, commercial contracts and exchange agreements in markets in Arkansas, Memphis, Tennessee and north into the Ohio River Valley region. The El Dorado refinery connection to the Enterprise Pipeline System is a key means of product distribution for the refinery because it provides access to third-party terminals in multiple Mid-Continent markets located adjacent to the system. The El Dorado refinery also supplies products to these markets through product exchanges on the Colonial pipeline system.

Logistics Segment

Overview

Our logistics segment consists of Delek Logistics, a publicly traded master limited partnership, and its subsidiaries. Our consolidated financial statements include its consolidated financial results. As of December 31, 2015, we owned a 59.7% limited partner interest in Delek Logistics, and a 95.4% interest in Logistics GP, which owns both the entire 2.0% general partner interest in Delek Logistics and all of the incentive distribution rights.

Our logistics segment generates revenue and contribution margin, which we define as net sales less cost of goods sold and operating expenses, by charging fees for gathering, transporting and storing crude oil and intermediate product and for marketing, distributing, transporting and storing refined products. A substantial majority of the logistics segment's existing assets are both integral to and dependent upon the successful operation of our refining segment's assets as the logistics segment gathers, transports and stores crude oil and markets, distributes, transports and stores refined products in select regions of the southeastern United States and east Texas in support of the Tyler and El Dorado refineries. In addition to intercompany services, the logistics segment also provides some crude oil and refined product transportation services for, and terminalling and wholesale marketing services to, third parties in Texas, Tennessee and Arkansas.

The logistics segment owns nine light product distribution terminals, one in each of Nashville and Memphis, Tennessee, Tyler, Big Sandy, San Angelo, Abilene and Mount Pleasant, Texas, and North Little Rock and El Dorado, Arkansas. All of the above properties are located on owned real property. The logistics segment also owns the El Dorado Pipeline System, the Magnolia Pipeline System and 600 miles of crude oil gathering lines, which are located in Louisiana and Arkansas. The logistics segment owns the McMurrey Pipeline System, the Nettleton Pipeline, the Tyler-Big Sandy Pipeline, the Paline Pipeline System and the Greenville-Mount Pleasant Pipeline, which are located in Texas. All of the pipeline systems set forth above run across fee owned land, leased land, easements and rights-of-way. The logistics segment also owns storage tanks in El Dorado and North Little Rock, Arkansas, Memphis and Nashville, Tennessee and Tyler, Greenville, Big Sandy, San Angelo, Abilene and Mount Pleasant, Texas and a fleet of 123 trucks and 205 trailers used to transport crude oil and other hydrocarbon products.

The following provides an overview of our logistics segment assets and operations:

Logistics Segment - Wholesale Marketing and Terminalling

The logistics segment's wholesale marketing and terminalling business provides wholesale marketing and terminalling services to the refining segment and to independent third parties from whom it receives fees for marketing, transporting, storing and terminalling refined products. It generates revenue by (i) providing marketing services for the refined products output of the Tyler refinery, (ii) engaging in wholesale activity at owned terminals in Abilene and San Angelo, Texas, as well as at terminals owned by third parties in Texas, whereby it purchases light products for sale and exchange to third parties, and (iii) providing terminalling services to independent third parties and the refining segment. Three terminals, located in El Dorado, Arkansas, Memphis, Tennessee, and North Little Rock, Arkansas, throughput refined product produced at the El Dorado refinery. Three terminals, located in Tyler, Big Sandy, and Mount Pleasant Texas, throughput refined product produced at the Tyler refinery.

Logistics Segment - Pipelines and Transportation

The logistics segment's pipelines and transportation business owns approximately 400 miles of crude oil transportation pipelines, approximately 366 miles of refined product pipelines, an approximately 600-mile crude oil gathering system and associated crude oil storage tanks with an aggregate of approximately 7.3 million barrels of active shell capacity. These assets are primarily divided into the following operating systems:

- the Lion Pipeline System, which transports crude oil to, and refined products from, the El Dorado refinery (the "Lion Pipeline System");
- the SALA Gathering System, which gathers and transports crude oil production in southern Arkansas and northern Louisiana, primarily for the El Dorado refinery;
- the Paline Pipeline System, which primarily transports crude oil from Longview, Texas to third-party facilities in Nederland, Texas;
- the East Texas Crude Logistics System, which currently transports a portion of the crude oil delivered to the Tyler refinery (the "East Texas Crude Logistics System");
- the Tyler-Big Sandy Pipeline, which is a pipeline link between the Tyler refinery and the Big Sandy Terminal;
- the Tyler Tank Assets;
- the El Dorado Tank Assets; and
- the Greenville-Mount Pleasant Pipeline and Greenville Storage Facility.

In addition to these operating systems, the logistics segment owns approximately 123 trucks and 205 trailers used to haul primarily crude oil and other hydrocarbon products for us and for third parties.

Joint Ventures

The logistics segment owns a portion of two joint ventures that are currently constructing logistics assets, which will serve third parties and the refining segment. These assets are expected to include the following:

- a 50% interest in an 80-mile pipeline with a capacity of 80,000 bpd that originates in Longview, Texas with destinations in the Shreveport, Louisiana area (the "Caddo Pipeline") and;
- a 33% interest in a 107-mile pipeline with a capacity of 55,000 bpd with the capability to expand to 85,000 bpd, that originates in north Loving County, Texas near the Texas-New Mexico border and terminates in Midland, Texas ("the RIO Pipeline").

Logistics Segment Supply Agreement

Approximately 44.1% of the petroleum products for sale by the logistics segment in west Texas are purchased from Noble Petro, Inc. ("Noble Petro"). Under the terms of a supply contract (the "Abilene Contract") with Noble Petro, we have the right to purchase up to 20,350 bpd of petroleum products. Under the Abilene Contract, we purchase petroleum products based on monthly average prices from Noble Petro immediately prior to our resale of such products to customers at our San Angelo and Abilene, Texas terminals, which we lease to Noble Petro. Under this arrangement, we have limited direct exposure to risks associated with fluctuating prices for these refined products due to the short period of time between the purchase and resale of these refined products. The Abilene Contract expires in December 2017 and does not have a renewal option.

Logistics Segment Operating Agreements With Delek

Delek Logistics has various long-term, fee-based commercial agreements with Delek and its subsidiaries that, among other things, establish fees for certain administrative and operational services provided by Delek and its subsidiaries to Delek Logistics, provide certain indemnification obligations and establish terms for fee-based commercial agreements for Delek Logistics to provide certain pipeline transportation, terminal throughput, finished product marketing and storage services to Delek. These agreements have various initial terms which expire, depending on the specific contracts, at different times from 2017 through 2022. Each of these agreements requires Delek or a Delek subsidiary to pay for certain minimum volume commitments or certain minimum storage capacities. Delek Logistics is a variable interest entity as defined under United States generally accepted accounting principles ("GAAP") and is consolidated into our consolidated financial statements. Intercompany transactions with Delek Logistics and its subsidiaries are eliminated in our consolidated financial statements.

Logistics Segment Customers

In addition to certain of our subsidiaries, our logistics segment has various types of customers, including major oil companies, independent refiners and marketers, jobbers, distributors, utility and transportation companies, and independent retail fuel operators.

Logistics Segment Seasonality

The volume and throughput of crude oil and refined products transported through our pipelines and sold through our terminals and to third parties is directly affected by the level of supply and demand for all of such products in the markets served directly or indirectly by our assets. Supply and demand for such products fluctuates during the calendar year. Demand for gasoline, for example, is generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic. Varying vapor pressure requirements between the summer and winter months also tighten summer gasoline supply. In addition, our refining segment often performs planned maintenance during the winter, when demand for their products is lower. Accordingly, these factors can diminish the demand for crude oil or finished products by our customers and therefore limit our volumes or throughput during these periods, and we expect that our operating results will generally be lower during the first and fourth quarters of the calendar year.

Logistics Segment Competition

Our logistics segment faces competition for the transportation of crude oil from other pipeline owners whose pipelines (i) may have a location advantage over our pipelines, (ii) may be able to transport more desirable crude oil to third parties, or (iii) may be able to transport crude oil or finished product at a lower tariff. In addition, the wholesale marketing and terminalling business in general is also very competitive. Our owned refined product terminals, as well as the other third party terminals we use to sell refined products, compete with other independent terminal operators as well as integrated oil companies on the basis of terminal location, price, versatility and services provided. The costs associated with transporting products from a loading terminal to end users limit the geographic size of the market that can be competitively served by any terminal. Two key markets in west Texas that we serve from our company-owned facilities are Abilene and San Angelo, Texas. We have direct competition from an independent refinery that markets through another terminal in the Abilene market. There are no competitive fuel loading terminals within approximately 90 miles of our San Angelo terminal.

Logistics Segment Activity

The following table summarizes our activity in the wholesale marketing and terminalling portion of our logistics segment:

	Year Ended December 31,		
	2015	2014	2013
Operating Information:			
West Texas marketing throughputs (average bpd)	16,357	16,707	18,156
Terminalling throughputs (average bpd) [1]	106,514	96,519	75,438
East Texas marketing throughputs (average bpd)	59,174	61,368	58,773

(1) Consists of terminalling throughputs at our Tyler, Big Sandy and Mount Pleasant, Texas, El Dorado and North Little Rock, Arkansas and Memphis and Nashville, Tennessee terminals. Throughput volumes for the Tyler, Texas terminal for the year ended December 31, 2013 are for the 159 days from July 27, 2013 through December 31, 2013. Throughputs for the North Little Rock Terminal for the year ended December 31, 2013 are for the 69 days from October 24, 2013 through December 31, 2013. Throughputs for the Big Sandy Terminal are included from January 1, 2014 through December 31, 2015. Prior to January 1, 2014, the Big Sandy Terminal had no throughputs, even though it became operational during December 2013. Throughputs at the El Dorado, Arkansas terminal for the year ended December 31, 2014 are for the 324 days from February 10, 2014 through December 31, 2014. Throughputs for the Mount Pleasant, Texas terminal for the year ended December 31, 2014 are for the 92 days from October 1, 2014 through December 31, 2014. Throughputs for the Memphis and Nashville, Tennessee,

Tyler and Big Sandy, Texas and the North Little Rock, Arkansas terminals are for all periods presented. Barrels per day are calculated for only the days we operated each terminal.

The following table summarizes our activity in the pipelines and transportation portion of our logistics segment:

	Year Ended December 31,		
	2015	2014	2013
Throughputs (average bpd)			
Lion Pipeline System:			
Crude pipelines (non-gathered)	54,960	47,906	46,515
Refined products pipelines to Enterprise Systems	57,366	53,461	49,694
SALA Gathering System	20,673	22,656	22,152
East Texas Crude Logistics System	18,828	7,361	19,896
El Dorado Rail Offloading Rack	981	—	—

Retail Segment

Overview

As of December 31, 2015, we operated 358 retail fuel and convenience stores located throughout the southeastern United States. More than 92% of our stores were located in Tennessee, Alabama and Georgia, with additional stores located in Arkansas, Virginia, Kentucky and Mississippi. Our retail locations operate primarily under the MAPCO Express®, MAPCO Mart®, Discount Food Mart™, Fast Food and Fuel™, East Coast®, Delta Express® and Favorite Markets® brands.

The following table summarizes the real estate position of our retail segment as of December 31, 2015.

State	Company Operated Sites	Dealer Sites Owned or Leased By Us	Owned Sites	Leased Sites	Remaining Lease Term <3 Years [(1)]	Remaining Lease Term >3 Years [(1)]
Tennessee	191	6	117	80	43	37
Alabama	92	2	55	39	23	16
Georgia	45	8	37	16	5	11
Arkansas	12	3	8	7	7	—
Virginia	8	—	—	8	7	1
Kentucky	6	—	1	5	5	—
Mississippi	4	—	3	1	1	—
Total	358	19	221	156	91	65

(1) Includes options renewable at our discretion; measured as of December 31, 2015.

Most of our retail fuel and convenience store leases are net leases requiring us to pay taxes, insurance and maintenance costs. Of the leases that expire in less than three years, we anticipate that we will be able to negotiate acceptable extensions of the leases for those locations that we intend to continue operating. We do not believe that any of these leases are individually material.

During the past several years, we have reimaged or newly constructed approximately 60.9% of our store network, in each instance adopting the MAPCO Mart® brand. During 2015, we spent $14.3 million on new store construction, including opening three new stores in 2015 and two new stores that opened in January 2016. Of this amount, $9.3 million was spent at the holding company level.

We believe that we have established strong brand recognition and market presence in the major retail markets in which we operate. The local markets where we have strong presence include Nashville, Memphis and the Chattanooga/northern Georgia corridor, and our presence is growing in Alabama and Arkansas.

We seek to operate store locations in centralized, high-traffic urban and suburban markets. Our retail strategy employs localized marketing tactics that account for the unique demographic characteristics of each region that we serve. In recent years, we have introduced customized product offerings and promotional strategies to address the unique tastes and preferences of our customers on a market-by-market basis, in part by utilizing our loyalty program.

Retail Network

The majority of our stores are open 24 hours per day, while all sites are open at least 14 hours per day. Our average store size is approximately 2,800 square feet, with approximately 79.6% of our stores being 2,000 or more square feet. We are gravitating towards a large-format store, with our new stores constructed averaging 4,770 square feet.

Our retail fuel and convenience stores typically offer tobacco products and immediately consumable items such as non-alcoholic beverages, beer and a large variety of snacks and prepackaged items. A significant number of the sites also offer state sanctioned lottery games, ATM services and money orders. As of December 31, 2015, we operated 84 quick service restaurants in our store locations. In 47 of these locations, we offer national branded quick service food chains such as Quiznos®, Subway®, and Krispy Krunchy Chicken®. We also have a variety of proprietary in-house, quick service food offerings featuring fried chicken, breakfast biscuits, deli sandwiches and other freshly prepared foods.

Our convenience stores also offer unbranded, "private label" products in select categories. Since launching our first private label products in 2006, same-store private label sales as a percentage of total merchandise sales excluding cigarettes has grown to 8.8% in 2015. Our private label products are generally priced at a discount to their branded, nationally recognized counterparts, yet carry a higher gross profit margin for us, when compared to their counterparts. Our private label program provides quality offerings with price points previously unavailable to our customers in a number of categories.

Fuel Operations

For 2015, 2014 and 2013, our fuel sales were 71.8%, 78.5%, and 79.6%, respectively, of total net sales for our retail segment.

The following table highlights certain information regarding our continuing fuel operations:

	Year Ended December 31,		
	2015	2014	2013
Number of stores (end of period)	358	365	361
Average number of stores (during period)	359	363	368
Retail fuel sales (thousands of gallons)	457,432	436,895	409,086
Average retail gallons per store (based on average number of stores) (thousands of gallons)	1,274	1,204	1,112
Retail fuel margin ($ per gallon)	$0.177	$0.190	$0.173

We purchased approximately 80.1% of the fuel sold at our retail fuel and convenience stores in 2015 from two suppliers, including approximately 65.6% from our refining segment. The price of fuel purchased is generally based on contractual differentials to local and regional price benchmarks. The initial terms of our supply agreements range from one year to 15 years and generally contain minimum monthly or annual purchase requirements. As of December 31, 2015, we carried a liability of $0.1 million for the failure to purchase required minimums.

Merchandise Operations

For 2015, 2014 and 2013, our merchandise sales were 28.2%, 21.5%, and 20.4%, respectively, of total net sales for our retail segment.

The following table highlights certain information regarding our continuing merchandise operations:

	Year Ended December 31,		
	2015	2014	2013
Comparable store merchandise sales change (year over year)	3.8 %	3.4 %	0.6 %
Merchandise margin	28.1 %	28.0 %	28.3 %
Total merchandise sales (in thousands)	$419,671	$401,420	$381,665
Average merchandise sales per store (in thousands)	$1,169	$1,106	$1,037

We purchased approximately 65.0% of our general merchandise, including most tobacco products and grocery items, for 2015 from a single wholesale grocer, Core-Mark International, Inc., pursuant to a contract that expires at the end of 2018. Our other major suppliers include Coca-Cola®, Pepsi-Cola® and Frito Lay®.

Dealer-Operated Stores
Our retail segment also included a wholesale fuel distribution network that, as of December 31, 2015 and 2014, supplied a total of 136 and 81 dealer-operated retail locations, respectively, consisting of 66 and 46 contracted dealers and 70 and 35 non-contracted dealers, respectively. In 2015 and 2014, our dealer net sales represented approximately 4.7% and 4.3%, respectively, of net sales for our retail segment. Our business with contracted dealers includes a variety of contractual arrangements in some of which we pay a commission to the dealer based on profits from the fuel sales and, in others, we supply fuel and invoice the dealer for the cost of fuel plus an agreed upon margin. We also have non-contractual arrangements with dealers in which dealers order fuel from us at their discretion.
Retail Segment Seasonality
Demand for gasoline and convenience merchandise is generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic. As a result, the operating results of our retail segment are generally lower for the first quarter of the calendar year.
Weather conditions in our operating area also have a significant effect on our operating results. Customers are more likely to purchase higher profit margin items at our retail fuel and convenience stores, such as fast foods, fountain drinks and other beverages and more gasoline during the spring and summer months. Unfavorable weather conditions during these months and a resulting lack of the expected seasonal upswings in traffic and sales could have a negative impact on our results of operations.
Retail Segment Competition
The retail fuel and convenience store business is highly competitive. We compete on a store-by-store basis with other independent convenience store chains, independent owner-operators, major petroleum companies, supermarkets, drug stores, discount stores, club stores, mass merchants, fast food operations and other retail outlets. Major competitive factors affecting us include location, ease of access, pricing, timely deliveries, product and service selections, customer service, fuel brands, store appearance, cleanliness and safety. We believe we are able to compete effectively in the markets in which we operate because our geographic concentration allows us to improve buying power with our vendors. In addition, our loyalty program, which provides value to our customers, has continued to grow and increases brand recognition within our markets. Our retail segment strategy continues to center on operating a high concentration of sites in a similar geographic region to promote operational efficiencies. Finally, we believe that leveraging the integration between our retail and refining segments provides advantageous fuel supply to our retail stores.

Information Technology

We believe that significant investments in information technology ("IT") are important to support our various business units. In 2015, we continued our efforts to improve several areas of IT including infrastructure, security, and enterprise software systems. Capital investments focused on modernization efforts that included network equipment upgrades at the Delek refinery locations and migration of the primary, on-premise corporate data center to third party data centers offering economies of operation and enhancements to our disaster recovery capabilities. In addition, we continued implementation of our IT security strategy by deploying new technologies to protect against denial of service attacks, mobile device vulnerabilities, and device access in remote locations. The energy sector continues to be the target of cyber attack perpetrators and we believe the steps we have taken, and continue to take, will help us maintain adequate data security in an environment of increasing risk of cyber attacks, hacks and other threats. We also focused on continuous improvement of our Enterprise Resource Planning financial and accounting systems that were developed in 2013. In 2015 we initiated plans to upgrade these systems including implementation of advanced in-memory data base technologies and migration of system operations to managed service contracts which we believe will produce a higher level of consistency and responsiveness to the demands of the business. These upgrades and migrations are scheduled to be completed in early 2016. We also believe these improvements have enhanced our ability to respond to customer and market requirements and set the foundation for future growth.
Most of the retail segment's stores are connected through a high-speed network that provides near real-time information in support of merchandise pricing management, store security, fraud prevention, in-store training, and

customer point-of-sale processing. The architecture and design of the store systems provide the flexibility to continue the expansion to new services that require access through a secure Internet connection adhering to Payment Card Industry ("PCI") data security standards. We believe our use of custom and off-the-shelf applications and programs gives us the ability to take advantage of standardization, while offering the flexibility and responsiveness to change. This past year we launched a new point of sale solution at our BP branded locations which was part of a development project launched in 2013. This was a first step in upgrading our software and hardware design in order to take advantage of additional technologies and techniques not widely available today. This is part of a multi-year project of innovation that we believe will allow us to continually improve the customer experience, enhance revenue generation, and differentiate us in the marketplace.

Governmental Regulation and Environmental Matters
Rate Regulation of Petroleum Pipelines

The rates and terms and conditions of service on certain of our pipelines are subject to regulation by the FERC under the Interstate Commerce Act ("ICA") and by the state regulatory commissions in the states in which we transport crude oil, intermediate and refined products, including the Railroad Commission of Texas, the Louisiana Public Service Commission, and the Arkansas Public Service Commission. Certain of our pipeline systems are subject to such regulation and have filed tariffs with the appropriate authorities. We also comply with the reporting requirements for these pipelines. Other of our pipelines have received a waiver from application of the FERC's tariff requirements but comply with other applicable regulatory requirements.

The FERC regulates interstate transportation under the ICA, the Energy Policy Act of 1992 and the rules and regulations promulgated under those laws. The ICA and its implementing regulations require that tariff rates for interstate service on oil pipelines, including pipelines that transport crude oil, intermediate and refined products in interstate commerce (collectively referred to as "petroleum pipelines"), be just and reasonable and non-discriminatory and that such rates and terms and conditions of service be filed with the FERC. Under the ICA, shippers may challenge new or existing rates or services. The FERC is authorized to suspend the effectiveness of a challenged rate for up to seven months, though rates are typically not suspended for the maximum allowable period. Tariff rates are typically contractually subject to increase or decrease on July 1 of each year, by the amount of any change in various inflation-based indices, including the FERC oil pipeline index, the consumer price index and the producer price index; provided, however, that in no event will the fees be adjusted below the amount initially set forth in the applicable agreement.

While FERC regulates rates for shipments of crude oil or refined products in interstate commerce, state agencies may regulate rates and service for shipments in intrastate commerce. We own pipeline assets in Texas, Arkansas, and Louisiana; accordingly such assets may be subject to additional regulation by the applicable governmental authorities in those states.

Environmental Health and Safety

We are subject to extensive federal, state and local environmental and safety laws and regulations enforced by agencies, including the EPA, the United States Department of Transportation, the Occupational Safety and Health Administration, the Texas Commission on Environmental Quality, the Railroad Commission of Texas, the Arkansas Department of Environmental Quality and the Tennessee Department of Environment and Conservation as well as other state and federal agencies. These laws and regulations govern the discharge of materials into the environment, waste management practices, pollution prevention measures and the composition of the fuels we produce, as well as the safe operation of our plants and pipelines and the safety of our workers and the public. Numerous permits or other authorizations are required under these laws for the operation of our refineries, biodiesel facilities, terminals, pipelines, underground storage tanks ("USTs"), trucks, rail cars and related operations, and may be subject to revocation, modification and renewal.

These laws and permits raise potential exposure to future claims and lawsuits involving environmental and safety matters which could 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, transported, or that relate to pre-existing conditions for which we have assumed responsibility. We believe that our current operations are in substantial compliance with existing environmental and safety requirements. However, there have been and will continue to be ongoing discussions about environmental and safety matters between us and federal and state authorities, including notices of violations, citations and other enforcement actions, some of which have resulted or may result in changes to operating procedures and in capital expenditures. While it is often difficult to quantify future environmental or safety related expenditures, we anticipate that continuing capital investments and changes in operating procedures will be required for the foreseeable future to comply with existing and new requirements, as well as evolving interpretations and more strict enforcement of existing laws and regulations. We anticipate that compliance with environmental, health and safety regulations will require us to spend approximately $6.6 million in capital costs in 2016 and approximately $56.8 million during the next five years. These estimates do not include amounts related to capital investments that management has deemed to be strategic investments. These amounts could materially change as a result of governmental and regulatory actions.

We generate wastes that may be subject to the RCRA and comparable state and local requirements. The EPA and various state agencies have limited the approved methods of managing, transporting, recycling and disposal of hazardous and certain non-hazardous wastes. Our refineries are large quantity generators of hazardous waste and require hazardous waste permits issued by EPA or state agencies. Other of our facilities such as terminals and biodiesel plants generate lesser quantities of hazardous wastes.

The Comprehensive Environmental Response, Compensation and Liability Act, 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. Analogous state laws impose similar responsibilities and liabilities on responsible parties. In the course of our ordinary operations, our various businesses generate 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 future cleanup under Superfund. At this time, our El Dorado refinery has been named as a minor potentially responsible party at one site for which we believe future costs will not be material.

As of December 31, 2015, we have recorded an environmental liability of approximately $8.9 million, primarily related to the probable estimated costs of remediating or otherwise addressing certain environmental issues of a non-capital nature at the Tyler and El Dorado refineries. This liability includes estimated costs for ongoing investigation and remediation efforts, which were already being performed by the former operators of the Tyler and El Dorado refineries prior to our acquisition of those facilities, for known contamination of soil and groundwater, as well as estimated costs for additional issues which have been identified subsequent to the acquisitions. We expect approximately $0.3 million of this amount to be reimbursable by a prior owner of the El Dorado refinery and have recorded $0.1 million in other current assets and $0.2 million in other non-current assets in our condensed consolidated balance sheet as of December 31, 2015. Approximately $1.0 million of the total liability is expected to be expended over the next 12 months with most of the balance expended by 2022. In the future, we could be required to extend the expected remediation period or undertake additional investigations of our refineries, pipelines and terminal facilities or convenience stores, which could result in additional remediation liabilities.

Most of the cost of remediating releases from USTs in our retail segment is reimbursed by state reimbursement funds which are funded by a tax on petroleum products and subject to certain deductible amounts. As of December 31, 2015, our accrual for such UST-related remediation was less than $0.1 million.

The EPA issued final rules for gasoline formulation that required the reduction of average benzene content by January 1, 2011 and the reduction of maximum annual average benzene content by July 1, 2012. It is necessary for us to purchase credits to fully comply with these content requirements for the Tyler refinery. Although credits have been acquired that we believe will be sufficient to cover our obligations through 2017, there can be no assurance that such credits will be available in the future or that we will be able to purchase available credits at reasonable prices. Additional benzene reduction projects may be implemented to reduce or eliminate our need to purchase benzene credits depending on the availability and cost of such credits.

In recent years, various legislative and regulatory measures to address climate change and greenhouse gas ("GHG") emissions (including carbon dioxide, methane and nitrous oxides) have been discussed or implemented. They include proposed and enacted federal regulation and state actions to develop statewide, regional or nationwide programs designed to control and reduce GHG emissions from fixed sources, such as our refineries, as well as power plants, mobile transportation sources and fuels. We are not aware of any state or regional initiatives for controlling existing GHG emissions that would affect our refineries. Although it is not possible to predict the requirements of any GHG legislation that may be enacted, any laws or regulations that may be adopted to restrict or reduce GHG emissions will likely require us to incur increased operating and capital costs and result in decreased demand for our petroleum fuels.

In August 2015, the EPA finalized the “Clean Power Plan” requiring states to reduce carbon dioxide emissions from coal fired power plants through a combination of plant closures, switching to renewable energy and natural gas, and demand reduction. This rule will not directly affect our operations but it could result in increased power costs for our refineries in future years. The EPA has indicated that it intends to regulate refinery GHG emissions from new and existing sources through a New Source Performance Standard ("NSPS"), although there is no firm proposal or date for such regulation and the EPA has said that such a performance standard is not imminent.

Since the 2010 calendar year, EPA rules require us to report GHG emissions from our refinery operations and consumer use of fuel products produced at our refineries on an annual basis. While the cost of compliance with the reporting rule is not material, data gathered under the rule may be used in the future to support additional regulation of GHG. Effective January 2011, the EPA began regulating GHG emissions from refineries and other major sources through the Prevention of Significant Deterioration ("PSD") and Federal Operating Permit ("Title V") programs. In June 2014, the United States Supreme Court ruled that the EPA may not require PSD and Title V permits solely because of GHG emissions, but may require Best Available Control Technology (“BACT”) for GHG emissions above a certain threshold if emissions of other pollutants would otherwise require PSD permitting. While this decision does not impose any limits or controls on GHG emissions from current operations, GHG emission increases from future projects or operational changes, such as capacity increases, may be impacted and required to meet emission limits or technological requirements such as BACT. We do not believe this decision will materially affect our operations. Other litigation challenging the EPA’s authority to regulate GHG emissions is pending in federal court.

Our operations are subject to certain requirements of the Federal Clean Air Act (“CAA”) as well as related state and local laws and regulations governing air emission. Certain CAA regulatory programs applicable to our refineries, terminals and other operations require capital expenditures for the installation of air pollution control devices, operational procedures to minimize emissions and monitoring and reporting of emissions. In mid-2012, the EPA announced an industry-wide enforcement initiative directed at flaring operations and performance at refineries and petrochemical plants. In September 2012, the EPA finalized revisions to the NSPS for Petroleum Refineries ("NSPS Subpart Ja") that primarily affects flares and process heaters. The NSPS impacted the way some flares at our Tyler and El Dorado refineries are designed and/or operated and capital projects were completed at our Tyler refinery in 2015 related to meeting this NSPS. We believe our flares and process heaters meet the applicable requirements and our refineries have not received any associated inquiries or requests for information, nor are they a party to any associated enforcement action at this time.

In 2015 EPA finalized reductions in the National Ambient Air Quality Standard (NAAQS) for ozone, from 75 ppb to 70 ppb. Our Tyler refinery is likely to be located in an area reclassified as non-attainment with the new standard. While we do not yet know what specific actions we will be required to take or when, it is possible we will have to install additional air pollution control equipment for ozone forming emissions or change the formulation of gasoline we make for use in some areas. We do not believe such capital expenditures or the changes in our operation will result in a material adverse effect on our business.

On December 1, 2015, the EPA published final rules under the Risk and Technology Review provisions of the Clean Air Act to further regulate refinery air emissions through additional NSPS and Maximum Achievable Control Technology requirements (the “Refinery Sector Rules”). The final rules will require capital expenditures for additional controls on the Tyler refinery’s coker and for the relief systems, flares, tanks and other sources at both refineries, as well as requiring changes to the way we operate, start up and maintain some process units. The final rule also requires that we monitor property line benzene concentrations and provide the results to the EPA quarterly, which will make the results available to the public. Even though the concentrations are not expected to exceed regulatory or health based standards, the availability of such data may increase the likelihood of lawsuits against our refineries by the local public or organized public interest groups. We have two to three years to comply with most of the requirements although we have filed for a compliance extension for some requirements that became effective on February 1, 2016. We do not anticipate that the required capital and operating costs will be material and do not believe compliance will affect our production capacities or have a material adverse effect upon our business, financial condition or results of operations.

In November 2013, the EPA proposed slightly lower overall renewable fuel obligations for 2014 in recognition of blending issues associated with exceeding the 10% "blendwall" (the point at which gasoline contains 10% ethanol - the maximum amount allowed by most vehicle warranties) in gasoline; however the EPA did not finalize the proposed 2014 obligations. In May 2015, the EPA re-proposed the 2014 obligation as well as proposing the obligation for 2015 and 2016, increasing the total nationwide volume of renewable fuels required in 2014 by 4.7% (compared to the 2013 proposal). Under this proposal, nationwide volumes for 2015 and 2016 would increase about 2% and 9% respectively compared with the proposed 2014 volume.

On November 30, 2015, EPA finalized the renewable fuel volume obligations for 2014, 2015 and 2016. Final volume requirements for 2015 and 2016 are approximately 2% and 5% higher respectively than the May, 2015, proposal. The 2016 ethanol volumes exceed the 10% “blendwall,” requiring increased usage of higher ethanol blends such as E15 and E85. On a consolidated basis, we have sufficient RINs to meet our 2014 obligation; however, we will have to purchase approximately 15 million RINs to meet our 2015 obligation and have recorded a liability for net RIN obligations of $9.1 million as of December 31, 2015. In 2016 we will be unable to blend sufficient quantities of ethanol and biodiesel to meet our requirements and will have to purchase approximately 40 million to 50 million RINs. It is not possible at this time to predict with certainty what those volumes or costs may be but given the increase in required volumes and the volatile price of RINs, the increase in renewable volume requirements for 2016 could have an adverse impact on our results of operations if we are unable to recover those costs in the price of our refined products.

The EPA finalized Tier 3 gasoline rules in March 2014. The final Tier 3 rule requires a reduction in annual average gasoline sulfur content from 30 ppm to 10 ppm and retains the current maximum per-gallon sulfur content of 80 ppm. Larger refineries must comply with the 10 ppm sulfur standard by January 1, 2017 but the final rule provides a three-year waiver period, to January 1, 2020, for small volume refineries that processed less than 75,000 bpd in 2012. Both of our refineries meet this waiver provision. We anticipate that the Tyler refinery will meet these new limits when they become effective with only minor operational changes and that a minor capital project may be required for additional sulfur removal capacity at the El Dorado refinery. In February 2015, EPA issued a Direct Final Rule ("DFR") to address technical corrections to the Tier 3 standard requiring small volume refineries that increase their annual average crude processing rate above 75,000 bpd to meet the Tier 3 sulfur limits 30 months from that “disqualifying” date. Because adverse comments were received on this change, EPA withdrew the DFR but subsequently re-proposed the same revision. Our El Dorado refinery may average more than 75,000 bpd in 2016, accelerating its Tier 3 compliance date to as early as mid-2019 if the EPA finalizes the rule change. We expect the EPA to issue a final rule in the spring of 2016 but it is not known if the final regulations will be as originally proposed. However, we believe that our current refineries will generate sufficient sulfur credits to delay the need to produce 10 ppm gasoline at El Dorado to 2020.

Our operations are also subject to the Federal Clean Water Act (“CWA”), the Oil Pollution Act of 1990 (“OPA-90”) and comparable state and local requirements. The CWA and similar laws prohibit any discharge into surface waters, ground waters, injection wells and publicly-owned treatment works except as allowed by pre-treatment permits and National Pollutant Discharge Elimination System (“NPDES”) permits, issued by federal, state and local governmental agencies. The OPA-90 prohibits the discharge of oil into Waters of the U.S. and requires that affected facilities have plans in place to respond to spills and other discharges. The CWA also regulates filling or discharges to wetlands and other Waters of the U.S. In 2015, the EPA, in conjunction with the Army Corps of Engineers, issued a final rule regarding the definition of “Waters of the U.S.,” which expanded the regulatory reach of the existing clean water regulations. Although the final rule is currently stayed pending litigation, if the rule becomes enforceable, it could increase costs for expanding our facilities or constructing new facilities, including pipelines.

Following the November 2008 explosion and fire at the Tyler refinery, the EPA conducted an investigation under Section 114 of the Clean Air Act pertaining to our compliance with the chemical accident prevention standards. In late 2011, the EPA referred an enforcement action to the U.S. Department of Justice and in the fourth quarter of 2014, we settled this matter by entering into a Consent Decree with the government. The Consent Decree required Delek to pay a penalty of $0.5 million and make a minor change to its written inspection procedures. The Consent Decree terminated upon completion of these requirements and had no effect on production at the refinery and no cost implications other than the penalty amount.

We have detected several crude oil releases from pipelines owned by our logistics segment, including a release at Magnolia Station in March 2013, a release near Macedonia, Arkansas in October 2013, a release in Haynesville, Louisiana in April 2014, a release near Fouke, Arkansas in April 2015. In June 2015, the United States Department of Justice notified Delek Logistics that they were evaluating an enforcement action on behalf of the EPA with regard to potential Clean Water Act violations arising from the March 2013 Magnolia release; however, no specific claim for penalties or affirmative relief has been made at this time. Based on current information available to us, we do not believe the total costs associated with these events, whether alone or in the aggregate, including any fines or penalties and net of partial insurance reimbursement, will have a material adverse effect upon our business, financial condition or results of operations.

Employees

As of December 31, 2015, we had 4,584 employees, of whom 922 were employed in our refining segment, 162 were employed by Delek for the benefit of our logistics segment, 3,175 were employed either full or part-time in our retail segment and 325 were employed at our corporate office. As of December 31, 2015, 180 operations and maintenance hourly employees and 39 truck drivers at the Tyler refinery were represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union and its Local 202. The Tyler operations and maintenance hourly employees are currently covered by a collective bargaining agreement that expires January 31, 2019. The Tyler truck drivers are currently covered by a collective bargaining agreement that expires March 1, 2018. As of December 31, 2015, 154 operations and maintenance hourly employees at the El Dorado refinery were represented by the International Union of Operating Engineers and its Local 381. These employees are covered by a collective bargaining agreement which expires on August 1, 2017. None of our employees in our logistics or retail segments or in our corporate office are represented by a union. We consider our relations with our employees to be satisfactory.

Trade Names, Service Marks and Trademarks

We regard our intellectual property as being an important factor in the marketing of goods and services in our retail segment. We own, have registered or have applied for registration of a variety of trade names, service marks and trademarks for use in our business including, without limitation, the following trademark registrations issued by the United States Patent and Trademark Office:

Trademark Registration	Segment	Expiration
MAPCO®	Retail	January 29, 2018
MAPCO MART®	Retail	October 16, 2017
MAPCO EXPRESS & Design®	Retail	December 4, 2020
EAST COAST & Design®	Retail	September 10, 2016
FAVORITE MARKET & Design®	Retail	March 6, 2024
FM FAVORITE MARKETS® (stylized)	Retail	March 6, 2024
DELTA EXPRESS® (stylized)	Retail	April 26, 2018
MY REWARD$ & Design®	Retail	August 20, 2023
MY REWARD$®	Retail	February 24, 2025
FLEET ADVANTAGE®	Corporate & Other	May 30, 2016
FLEED ADVANTAGE & Design®	Corporate & Other	June 13, 2016
LION & Design®	Refining	May 3, 2025

Our right to use the "MAPCO" name is limited to the retail fuel and convenience store industry. We are not otherwise aware of any facts which would negatively impact our continuing use of any of our trade names, service marks or trademarks.

Available Information

Our Internet website address is www.DelekUS.com. Information contained on our website is not part of this Annual Report on Form 10-K. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed with or furnished to the Securities and Exchange Commission ("SEC") are available on our Internet website in the "Investor Relations" section, free of charge, as soon as reasonably practicable after we file or furnish such material to the SEC. We also post our Corporate Governance Guidelines, Code of Business Conduct & Ethics and the charters of our Board of Directors' committees in the "Corporate Governance" section of our website accessible by navigating to the "About Us" section on our Internet website. Our governance documents are available in print to any stockholder that makes a written request to the Secretary, Delek US Holdings, Inc., 7102 Commerce Way, Brentwood, Tennessee 37027.

Glossary of Terms

The following are definitions of certain industry terms used in this Annual Report on Form 10-K:

Alkylation Unit - A refinery unit utilizing an acid catalyst to combine smaller hydrocarbon molecules to form larger molecules in the gasoline boiling range to produce a high octane gasoline blendstock which is referred to as alkylate.

Amine Regeneration Unit (ARU) - A unit that is used to strip out absorbed sulfur-containing gases from the rich amine to restore the amine so it can be re-used again in the process as lean amine to absorb additional sulfur-containing gases (sour gas).

Barrel - A unit of volumetric measurement equivalent to 42 U.S. gallons.

Biodiesel - A renewable fuel produced from vegetable oils or animal fats that can be blended with petroleum-derived diesel to produce biodiesel blends for use in diesel engines. Pure biodiesel is referred to as B100, whereas blends of biodiesel are referenced by how much biodiesel is in the blend (e.g., a B5 blend contains five volume percent biodiesel and 95 volume percent ULSD).

Blendstocks - Various products or intermediate streams that are combined with other components of similar type and distillation range to produce finished gasoline, diesel fuel or other refined products. Blendstocks may include natural gasoline, hydrotreated Fluid Catalytic Cracking Unit gasoline, alkylate, ethanol, reformate, butane, diesel, biodiesel, kerosene, light cycle oil or slurry, among others.

Bpd/bpd - Barrels per calendar day.

Brent Crude (Brent) - a light, sweet crude oil, though not as light as WTI. Brent is the leading global price benchmark for Atlantic basin crude oils.

CBOB - Motor gasoline blending components intended for blending with oxygenates, such as ethanol, to produce finished conventional motor gasoline.

CERCLA - Comprehensive Environmental Response, Compensation and Liability Act

Complexity Index - A measure of secondary conversion capacity of a refinery relative to its primary distillation capacity. Generally, more complex refineries have a higher index number.

Crude Distillation Capacity, Nameplate Capacity or Production Capacity - The maximum sustainable capacity for a refinery or process unit for a given feedstock quality and severity level, measured in barrels per day.

Delayed Coking Unit (Coker) - A refinery unit that processes ("cracks") heavy oils, such as the bottom cuts of crude oil from the crude or vacuum units, to produce blendstocks for light transportation fuels or feedstocks for other units and petroleum coke.

Direct operating expenses - operating expenses attributed to the respective segment.

Distillates - Products or intermediates that are normally initially produced via distillation and then further processed to produce finished fuels or blendstocks, including gasoline, kerosene, jet fuel and diesel.

EISA - Energy Independence and Security Act of 2007

Enterprise Pipeline System - a major product pipeline transport system that reaches from the Gulf Coast into the northeastern United States.

EPA - The Environmental Protection Agency.

Ethanol - An oxygenated blendstock that is blended with sub-grade (CBOB) or conventional gasoline to produce a finished gasoline.

E-10 - A 90% gasoline-10% ethanol blend.

E-15 - An 85% gasoline-15% ethanol blend.

E-85 - A blend of gasoline and 70%-85% ethanol.

FERC - The Federal Energy Regulatory Commission.

FIFO - First-in, first-out inventory accounting method.
Fluid Catalytic Cracking Unit or FCC Unit - A refinery unit that uses fluidized catalyst at high temperatures to crack large hydrocarbon molecules into smaller, higher-valued molecules (LPG, gasoline, LCO, etc.).
Feedstocks - Crude oil and petroleum products used as inputs in refining processes.
Gulf Coast 5-3-2 crack spread or Gulf Coast crack spread - A crack spread reflecting the approximate gross margin resulting from processing one barrel of crude oil into three-fifths of a barrel of gasoline and two-fifths of a barrel of high sulfur diesel, utilizing the market prices of WTI crude oil, U.S. Gulf Coast Pipeline CBOB and U.S. Gulf Coast Pipeline No. 2 Heating Oil.
Gulf Coast Region - Commonly referred to as PADD III, includes the states of Texas, Arkansas, Louisiana, Mississippi, Alabama and New Mexico.
Hydrotreating Unit - A refinery unit that removes sulfur and other contaminants from hydrocarbons at high temperatures and moderate to high pressure in the presence of catalysts and hydrogen. When used to process fuels, this unit reduces the sulfur dioxide emissions from these fuels.
Isomerization Unit - A refinery unit altering the arrangement of a molecule in the presence of a catalyst and hydrogen to produce a more valuable molecule, typically used to increase the octane of gasoline blendstocks.
Jobbers - Retail stations owned by third parties that sell products purchased from or through us.
Large-Format Store - A retail store location averaging or expecting to average, in the case of newly constructed locations, more than 1.85 million gallons of fuel annually.
LPG - Liquefied petroleum gas.
Light/Medium/Heavy Crude Oil - Terms used to describe the relative densities of crude oil, normally represented by their API gravities. Light crude oils (those having relatively high API gravities) may be refined into a greater amount of valuable products and are typically more expensive than a heavier crude oil.
LSR - Light straight run.
LIFO - Last-in, first-out inventory accounting method.
Mid-Continent Region - Commonly referred to as PADD II, includes the states of North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Minnesota, Iowa, Missouri, Wisconsin, Illinois, Michigan, Indiana, Ohio, Kentucky and Tennessee.
MSCF/d - Abbreviation for a thousand standard cubic feet per day, a common measure for volume of gas.
NaSH Unit - A refinery process that uses caustic to capture hydrogen sulfide from sour gas streams to produce sodium hydrosulfide.
Naphtha - A hydrocarbon fraction that is used as a gasoline blending component, a feedstock for reforming and as a petrochemical feedstock.
NGL - Natural gas liquids.
New York Mercantile Exchange (NYMEX) - A commodities futures exchange.
Operating margin - net sales less cost of goods sold.
OSHA - the Occupational Safety and Health Administration.
Petroleum Administration for Defense District (PADD) - Any of five regions in the United States as set forth by the Department of Energy and used throughout the oil industry for geographic reference. Our refineries operate in PADD III, commonly referred to as the Gulf Coast region.
Petroleum Coke - A coal-like substance produced as a byproduct during the Delayed Coking refining process.

Per barrel of sales - calculated by dividing the applicable income statement line item (operating margin or operating expenses) by the total barrels sold during the period.
PPM - parts per million.
Pounds per Square Inch, Gauge (psig) - A unit of pressure.
RCRA - Resource Conservation and Recovery Act.
Refining margin, refined product margin or crack spread - A metric used in the refining industry to assess a refinery's product margins by comparing the difference between the price of refined products produced at the refinery and the price of crude oil required to produce those products.
Reforming Unit - A refinery unit that uses high temperature, moderate pressure and catalyst to create petrochemical feedstocks, high octane gasoline blendstocks and hydrogen.
Renewable Fuels Standard 2 (RFS-2) - An EPA regulation promulgated pursuant to the EISA, which requires most refineries to blend increasing amounts of renewable fuels (including biodiesel and ethanol) with refined products.
Renewable Identification Number (RIN) - a renewable fuel credit used to satisfy requirements for blending renewable fuels under RFS-2.
Roofing flux - An asphalt-like product used to make roofing shingles for the housing industry.
Sweet/Sour crude oil - Terms used to describe the relative sulfur content of crude oil. Sweet crude oil is relatively low in sulfur content; sour crude oil is relatively high in sulfur content. Sweet crude oil requires less processing to remove sulfur and is typically more expensive than sour crude oil.
Throughput - The quantity of crude oil and feedstocks processed through a refinery or a refinery unit.
Turnaround - A periodic shutdown of refinery process units to perform routine maintenance to restore the operation of the equipment to its former level of performance. Turnaround activities normally include cleaning, inspection, refurbishment, and repair and replacement of equipment and piping. It is also common to use turnaround periods to change catalysts or to implement capital project improvements.
Ultra-Low Sulfur Diesel (ULSD) - Diesel fuel produced with a lower sulfur content (15 ppm) to reduce sulfur dioxide emissions. ULSD is the only diesel fuel that may be used for on-road and most other applications in the U.S.
U.S. Gulf Coast Pipeline CBOB - A grade of gasoline blended with biofuels and commonly marketed as Regular Unleaded at retail locations.
U.S. Gulf Coast Pipeline No. 2 Heating Oil - A petroleum distillate that can be used as either a diesel fuel or a fuel oil. This is the standard by which other Gulf Coast distillate products (such as ultra-low sulfur diesel) are priced.
UST - Underground storage tank.
Vacuum Distillation Unit - A refinery unit that distills heavy crude oils under deep vacuum to allow their separation without coking.
West Texas Intermediate Crude Oil (WTI) - A light, sweet crude oil characterized by an API gravity between 38 and 44 and a sulfur content of less than 0.4 weight percent that is used as a benchmark for other crude oils.

ITEM 1A. RISK FACTORS

We are subject to numerous known and unknown risks, many of which are presented below and elsewhere in this Annual Report on Form 10-K. You should carefully consider each of the following risks and all of the other information contained in this Annual Report on Form 10-K in evaluating us and our common stock. Any of the risk factors described below or additional risks and uncertainties not presently known to us, or that we currently deem immaterial, could have a material adverse effect on our business, financial condition and results of operations. The headings provided in this Item 1A are for convenience and reference purposes only and shall not limit or otherwise affect the extent or interpretation of the risk factors.

Risks Relating to Our Industries

Our refining margins have been volatile and are likely to remain volatile, which may have a material adverse effect on our earnings and cash flows.

Our earnings, cash flow and profitability from our refining operations are substantially determined by the difference between the market price of refined products and the market price of crude oil, which is referred to as the crack spread, refining margin or refined products margin. Refining margins historically have been volatile and are likely to continue to be volatile, as a result of numerous factors beyond our control, including volatility in the prices of the various types of crude oil and other feedstocks purchased by our refineries, volatility in the costs of natural gas and electricity used by our refineries, and volatility in the prices of gasoline and other refined petroleum products sold by our refineries. Although we monitor our refinery operating margins and seek to optimize results by adjusting throughput volumes, throughput types and product slates, there are inherent limitations on our ability to offset the effects of adverse market conditions.

For example, although there are differences between published prices and margins and those experienced in our operations, certain published data illustrate the volatility we encounter. The NYMEX price for domestic light sweet crude oil (NYMEX: CL), the Argus price for WTI Midland crude oil, the U.S. Gulf Coast price for unleaded gasoline (Platts U.S. Gulf Coast CBOB), the U.S. Gulf Coast price for high sulfur diesel (Platts U.S. Gulf Coast Pipeline High Sulfur No. 2 Diesel), the Gulf Coast 5-3-2 crack spread and the differential between the price of NYMEX crude oil and Intercontinental Exchange ("ICE") Brent Crude Oil (ICE: B) have fluctuated between the following daily highs and lows during the preceding three calendar years:

	Year Ended					
	December 31, 2015		December 31, 2014		December 31, 2013	
	Low	High	Low	High	Low	High
NYMEX crude oil (per barrel)	$34.73	$61.43	$53.27	$107.26	$86.68	$110.53
WTI — Midland crude oil (per barrel)	$34.78	$61.42	$49.15	$100.66	$79.12	$110.42
U.S. Gulf Coast CBOB (per gallon)	$1.05	$2.12	$1.08	$2.99	$2.28	$3.13
U.S. Gulf Coast High Sulfur Diesel (per gallon)	$0.84	$1.84	$1.22	$2.98	$2.54	$3.23
U.S. Gulf Coast crack spread (per barrel)	$3.93	$24.91	$(3.91)	$21.36	$4.73	$37.07
WTI — Cushing/Brent crude oil differential (per barrel)	$(0.21)	$12.82	$1.77	$14.95	$0.02	$23.18

Such volatility is affected by, among other things:

- changes in global and local economic conditions;
- domestic and foreign supply and demand for crude oil and refined products;
- the level of foreign and domestic production of crude oil and refined petroleum products;

- increased regulation of feedstock production activities such as hydraulic fracturing;
- infrastructure limitations that restrict, or events that disrupt, the distribution of crude oil, other feedstocks and refined petroleum products;
- an increase or decrease of infrastructure limitations (or the perception that such an increase or decrease could occur) on the distribution of crude oil, other feedstocks or refined products;
- investor speculation in commodities;
- worldwide political conditions, particularly in significant oil producing regions such as the Middle East, Africa, the former Soviet Union, and South America;
- the ability of the members of the Organization of Petroleum Exporting Countries to maintain oil price and production controls;
- pricing and other actions taken by competitors that impact the market;
- the level of crude oil, other feedstocks and refined petroleum products imported into and exported out of the United States;
- excess capacity and utilization rates of refineries worldwide;

- development and marketing of alternative and competing fuels, such as ethanol and biodiesel;
- changes in fuel specifications required by environmental and other laws, particularly with respect to oxygenates and sulfur content;
- local factors, including market conditions, adverse weather conditions and the level of operations of other refineries and pipelines in our markets;
- accidents, interruptions in transportation, inclement weather or other events that can cause unscheduled shutdowns or otherwise adversely affect our refineries or the supply and delivery of crude oil from third parties; and
- United States government regulations.

The crude oil we purchase and the refined products we sell are commodities whose prices are mainly determined by market forces beyond our control. While an increase or decrease in the price of crude oil will often result in a corresponding increase or decrease in the wholesale price of refined products, a change in the price of one commodity does not always result in a corresponding change in the other. A substantial or prolonged increase in crude oil prices without a corresponding increase in refined product prices or a substantial or prolonged decrease in refined product prices without a corresponding decrease in crude oil prices could also have a significant negative effect on our results of operations and cash flows. This is especially true for non-transportation refined products such as asphalt, butane, coke, sulfur, propane and slurry whose prices are less likely to correlate to fluctuations in the price of crude oil, all of which we produce at our refineries.

Also, the price for a significant portion of the crude oil processed at our refineries is based upon the WTI benchmark for such oil rather than the Brent benchmark. While the prices for WTI and Brent historically corresponded to one another, elevated supply of WTI-priced crude oil in the Mid-Continent region has caused WTI prices to fall significantly below Brent prices at different points in time in recent years. During the years ended December 31, 2014 and December 31, 2015, this differential ranged from highs of $14.95 and $12.82, respectively, to lows of $1.77 and $(0.21), respectively. Our ability to purchase and process favorably priced crude oils has allowed us to achieve higher net income and cash flow in recent years; however, we cannot assure you that these favorable conditions will continue. A substantial or prolonged narrowing in (or inversion to) the price differential between the WTI and Brent benchmarks for any reason, including, without limitation, increased crude oil distribution capacity from the Permian Basin, crude oil exports from the United States or actual or perceived reductions in Mid-Continent crude oil inventories, could negatively impact our earnings and cash flows. In addition, because the premium or discount we pay for a portion of the crude oil processed at our refineries is established based upon this differential during the month prior to the month in which the crude oil is processed, rapid decreases in the differential may negatively affect our results of operations and cash flows.

Finally, because credit card interchange fees are typically calculated as a percentage of the transaction amount rather than a percentage of gallons sold, higher refined product prices often result in negative consequences for our retail operations such as higher credit card expenses, lower retail fuel gross margin per gallon and reduced demand for gasoline and diesel. These conditions could result in fewer retail gallons sold and fewer retail merchandise transactions.

We operate in a highly regulated industry and increased costs of compliance with, or liability for violation of, existing or future laws, regulations and other requirements could significantly increase our costs of doing business, thereby adversely affecting our profitability.

Our industry is subject to extensive laws, regulations, permits and other requirements including, but not limited to, those relating to the environment, safety, transportation, pipeline tariffs, employment, labor, immigration, minimum wages, overtime pay, health care benefits, working conditions, public accessibility, retail fuel pricing, the sale of alcohol and tobacco and other requirements. These permits, laws and regulations are enforced by federal agencies including the EPA, United States Department of Transportation, Pipeline and Hazardous Materials Safety

Administration, Federal Motor Carrier Safety Administration, Federal Railroad Administration, OSHA, National Labor Relations Board, Equal Employment Opportunity Commission, Federal Trade Commission and FERC, and state agencies such as the Texas Commission on Environmental Quality, Akansas Department of Environmental Quality, Railroad Commission of Texas and Tennessee Department of Environment and Conservation as well as numerous other state and federal agencies. We anticipate that compliance with environmental, health and safety regulations will require us to spend approximately $6.6 million in capital costs in 2016 and approximately $56.8 million during the next five years. These estimates do not include amounts related to capital investments that management has deemed to be strategic investments. These amounts could materially change as a result of governmental and regulatory actions.

Various permits, licenses, registrations and other authorizations are required under these laws for the operation of our refineries, terminals, pipelines and related operations, and these permits are subject to renewal and modification that may require operational changes involving significant costs. If key permits cannot be renewed or are revoked, the ability to continue operation of the affected facilities could be threatened.

Ongoing compliance with or violation of laws, regulations and other requirements could also have a material adverse effect on our business, financial condition and results of operations. We face potential exposure to future claims and lawsuits involving environmental matters including but not limited to, soil, groundwater and waterway contamination, air pollution, personal injury and property damage allegedly caused by substances we manufactured, handled, used, released or disposed. We are and have been the subject of various state, federal and private proceedings relating to environmental regulations, conditions and inquiries.

In addition, new legal requirements, new interpretations of existing legal requirements, increased legislative activity and governmental enforcement and other developments could require us to make additional unforeseen expenditures. Companies in the petroleum industry, such as us, are often the target of activist and regulatory activity regarding pricing, safety, environmental compliance, derivatives trading and other business practices which could result in price controls, fines, increased taxes or other actions affecting the conduct of our business. For example, consumer activists are lobbying various authorities to enact laws and regulations mandating the removal of tetra-ethyl lead from aviation gasoline. Other activists seek to require reductions in greenhouse gas emissions from our refineries and fuel products.

We generate wastes that may be subject to the RCRA and comparable state and local requirements. The EPA and various state agencies have limited the approved methods of managing, transporting, recycling and disposal of hazardous and certain non-hazardous wastes. Our refineries are large quantity generators of hazardous waste and require hazardous waste permits issued by the EPA or state agencies. Additionally, certain of our other facilities such as terminals and biodiesel plants generate lesser quantities of hazardous wastes.

Ongoing compliance with laws, regulations and other requirements could also have a material adverse effect on our business, financial condition and results of operations. Under RCRA and the CERCLA and other federal, state and local environmental requirements, as the owner or operator of refineries, biodiesel plants, bulk terminals, pipelines, tank farms, rail cars, trucks and retail locations, we may be liable for the costs of removal or remediation of contamination at our existing or former locations, whether we knew of, or were responsible for, the presence of such contamination. We have incurred such liability in the past and several of our current and former locations are the subject of ongoing remediation projects. The failure to timely report and properly remediate contamination may subject us to liability to third parties and may adversely affect our ability to sell or rent our property or to borrow money using our property as collateral. Additionally, persons who arrange for the disposal or treatment of hazardous substances also may be liable for the costs of removal or remediation of these substances at sites where they are located, regardless of whether the site is owned or operated by that person. We typically arrange for the treatment or disposal of hazardous substances in our refining and other operations. Therefore, we may be liable for removal or remediation costs, as well as other related costs, including fines, penalties and damages resulting from injuries to persons, property and natural resources. Our El Dorado refinery is a minor potentially responsible party at a Superfund site for which we expect our costs to be non-material. In the future, we may incur substantial expenditures for investigation or remediation of contamination that has not been discovered at our current or former locations or locations that we may acquire.

Our operations are subject to certain requirements of the federal Clean Air Act (“CAA”) as well as related state and local laws and regulations governing air emissions. Certain CAA regulatory programs applicable to our refineries, terminals and other operations require capital expenditures for the installation of air pollution control devices, operational procedures to minimize emissions and monitoring and reporting of emissions. In 2012, the EPA announced an industry-wide enforcement initiative directed at flaring operations and performance at refineries and petrochemical plants and finalized revisions to NSPS Subpart Ja that primarily affects flares and process heaters. We completed capital projects at our refineries related to flare compliance with NSPS Ja in 2015. We believe our existing process heaters meet the applicable NSPS Ja requirements, and our refineries have not received any inquiries or requests for information from the EPA regarding flaring operations and are not a party to any associated enforcement action at this time.

In 2015, EPA finalized reductions in the National Ambient Air Quality Standard (NAAQS) for ozone, from 75 ppb to 70 ppb. Our Tyler refinery is likely to be located in an area reclassified as non-attainment with the new standard. While we do not yet know what specific actions we will be required to take or when, it is possible we will have to install additional air pollution control equipment for ozone forming emissions or change the formulation of gasoline we make for use in some areas. We do not believe such capital expenditures or the changes in our operation will result in a material adverse effect on our business.

In late 2015, the EPA finalized additional rules regulating refinery air emissions from a variety of sources (such as cokers, flares, tanks, and other process units) through additional NSPS and National Emission Standards for Hazardous Air Pollutants and changing the way emissions from startup, shutdown and malfunction operations are regulated (the "Refinery Risk and Technology Review Rules" or “RTR”). The RTR rule also requires that within two years we monitor property line benzene concentrations at our refineries and report those concentrations quarterly to EPA, which will make the results available to the public. Even though the concentrations are not expected to exceed regulatory or health based standards, the availability of such data may increase the likelihood of lawsuits against our refineries by the local public or organized public interest groups. Compliance with the rules will require additional capital projects and changes in the way we operate some equipment over the next three years but is not expected to have a material adverse effect on our business, financial condition or results of operations.

In addition to our operations, many of the fuel products we manufacture are subject to requirements of the CAA as well as related state and local laws and regulations. The EPA has the authority under the CAA to modify the formulation of the refined transportation fuel products we manufacture in order to limit the emissions associated with their final use. In 2007, the EPA issued final Mobile Source Air Toxic II rules for gasoline formulation that required the reduction of average benzene content beginning January 1, 2011 and the reduction of maximum annual average benzene content by July 1, 2012. We currently purchase credits to comply with these content requirements for one of our refineries. Although credits have been readily available, there can be no assurance that such credits will continue to be available for purchase at reasonable prices or at all and we could have to implement capital projects in the future to reduce benzene levels.

In March 2014, the EPA issued final Tier 3 gasoline rules that require a reduction in annual average gasoline sulfur content from 30 ppm to 10 ppm by January 1, 2017 for "large refineries" and retains the current maximum per-gallon sulfur content limit of 80 ppm. Under the final rules, both our refineries are considered “small refineries” and are exempt from complying with the rules' requirements until January 1, 2020. We anticipate that the Tyler refinery will meet these new limits when they become effective with only minor operational changes and that a minor capital project may be required for additional sulfur removal capacity at the El Dorado refinery, but compliance is not expected to have a material adverse effect on our business, financial condition or results of operations. In February 2015, EPA proposed a change to the Tier 3 standard that would require small volume refineries that increase their annual average crude processing rate above 75,000 bpd to meet the Tier 3 sulfur limits 30 months from that “disqualifying” date. Our El Dorado refinery may average more than 75,000 bpd in 2016, accelerating its Tier 3 compliance date to as early as mid-2019 under the proposed rule change. We expect the EPA to issue a final rule in the spring of 2016 but it is not known if the final regulations will be as originally proposed. However, we believe that our refineries will generate sufficient sulfur credits to delay the need to produce 10 ppm gasoline at El Dorado into 2020.

Our operations are also subject to the Federal Clean Water Act (“CWA”), the Oil Pollution Act of 1990 (“OPA-90”) and comparable state and local requirements. The CWA and similar laws prohibit any discharge into surface waters, ground waters, injection wells and publicly-owned treatment works except as allowed by pre-treatment permits and National Pollutant Discharge Elimination System (“NPDES”) permits, issued by federal, state and local governmental agencies. The OPA-90 prohibits the discharge of oil into Waters of the U.S. and requires that affected facilities have plans in place to respond to spills and other discharges. The CWA also regulates filling or discharges to wetlands and other Waters of the U.S. In 2015, the EPA, in conjunction with the Army Corps of Engineers, issued a final rule regarding the definition of “Waters of the U.S.,” which expanded the regulatory reach of the existing clean water regulations. Although the final rule is currently stayed pending litigation, if the rule becomes enforceable, it could increase costs for expanding our facilities or constructing new facilities, including pipelines.

We are subject to regulation by the United States Department of Transportation and various state agencies in connection with our pipeline, trucking and rail transportation operations. These regulatory authorities exercise broad powers, governing activities such as the authorization to operate hazardous materials pipelines and engage in motor carrier operations. There are additional regulations specifically relating to the transportation industry, including integrity management of pipelines, testing and specification of equipment, product handling and labeling requirements and personnel qualifications. The transportation industry is subject to possible regulatory and legislative changes that may affect the economics of our business by requiring changes in operating practices or pipeline construction or by changing the demand for common or contract carrier services or the cost of providing truckload services. Possible changes include, among other things, increasingly stringent environmental regulations, increased frequency and stringency for testing and repairing pipelines, replacement of older pipelines, changes in the hours of service regulations that govern the amount of time a driver may drive in any specific period, onboard black box recorder devices or limits on vehicle weight and size. Proposed changes to the specifications governing rail cars carrying crude oil will eliminate the most commonly used tank car or require that such cars be upgraded. These rules could limit the availability of tank cars to transport crude to our refineries and increase the cost of crude oil transported by rail. In addition to the substantial remediation costs that could be caused by leaks or spills from our pipelines, regulators could prohibit our use of affected portions of the pipeline for extended periods thereby interrupting the delivery of crude oil to, or the distribution of refined products from, our refineries.

Our operations are subject to various laws and regulations relating to occupational health and safety and process safety administered by OSHA, EPA and various state equivalent agencies. We maintain safety, training, design standards, mechanical integrity and maintenance programs as part of our ongoing efforts to ensure compliance with applicable laws and regulations and protect the safety of our workers and the public.

Health and safety legislation and regulations change frequently. We cannot predict what additional health and safety 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. In response to Executive Order 13650, Improving Chemical Facility Safety and Security, EPA and OSHA have announced they intend to propose comprehensive changes to process safety requirements in 2016. Compliance with applicable health and safety laws and regulations has required and continues to require substantial expenditures. More stringent laws or regulations or adverse changes in the interpretation of existing laws or regulations by government agencies could have an adverse effect on our financial position and the results of our operations and could require substantial expenditures for the installation and operation of systems and equipment.

Environmental and safety regulations are becoming more stringent and new environmental and safety laws and regulations are continuously being enacted or proposed. Compliance with any future legislation or regulation of our produced fuels, including renewable fuel or carbon content; GHG emissions; sulfur, benzene or other toxic content; vapor pressure; octane; or other fuel characteristics, may result in increased capital and operating costs and may have a material adverse effect on our results of operations and financial condition. Future process safety rules could also mandate changes to the way we operate, the processes and chemicals we use and the materials from which our process units are constructed. Such regulations could have a significant negative effect on our operations and profitability. While it is impractical to predict the impact that potential regulatory and activist activity may have, such future activity may result in increased costs to operate and maintain our facilities, as well as increased capital outlays to improve our facilities. Such future activity could also adversely affect our ability to expand production, result in damaging publicity about us, or reduce demand for our products. Our need to incur costs associated with complying with any resulting new legal or regulatory requirements that are substantial and not adequately provided for, could have a material adverse effect on our business, financial condition and results of operations.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") is comprehensive financial reform legislation that, among other things, establishes comprehensive federal oversight and regulation of over-the-counter derivatives and many of the entities that participate in that market. Although the Dodd-Frank Act was enacted on July 21, 2010, the Commodity Futures Trading Commission, or CFTC, and the SEC, along with certain other regulators, must promulgate final rules and regulations to implement many of the Dodd-Frank Act's provisions relating to over-the-counter derivatives. While some of these rules have been finalized, others have not; and, as a result, the final form and timing of the implementation of the new regulatory regime affecting commodity derivatives remains uncertain.

Finally, the Patient Protection and Affordable Care Act (the “ACA”) as well as other healthcare reform legislation being considered by Congress and state legislatures may have an impact on our business. As of December 31, 2015, we had 4,584 employees, of whom 922 were employed in our refining segment, 162 were employed by Delek for the benefit of our logistics segment, 3,175 were employed either full or part-time in our retail segment and 325 were employed by Holdings. Although many of the rules, reforms and regulations required to implement the ACA have not yet been adopted, and consequently the precise costs of complying with the ACA remain unknown, an increase in our employee healthcare-related costs appears likely and that increase could be extensive and changes to our healthcare cost structure could have a significant, negative impact on our business.

Increased supply of and demand for alternative transportation fuels, increased fuel economy standards and increased use of alternative means of transportation could lead to a decrease in transportation fuel prices and/or a reduction in demand for petroleum-based transportation fuels. A shortage of RINs could require that our refineries operate at reduced production rates.

Pursuant to the EISA, the EPA promulgated RFS-2 requiring refiners to blend "renewable fuels" such as ethanol and biodiesel, with their petroleum fuels or purchase RINs in lieu of blending. The volume of renewable fuels required by the EISA increases from 9 billion gallons in 2008, to 22 billion gallons in 2016 to 36 billion gallons in 2022 although EPA has set annual volumes beneath the statutory levels each year because of the unavailability of certain advanced biofuels. Annually, the EPA establishes the volume of renewable fuels that refineries must blend into their finished petroleum fuels as a percentage of their gasoline and diesel sales. Meeting RFS-2 requires displacing increasing amounts of petroleum-based transportation fuels with biofuels, beginning with approximately 7.8% in 2011, 10.1% in 2016 and 18% or more in 2022, depending on demand for gasoline and diesel and final biofuel volumes established by EPA each year. If we are unable to pass the costs of compliance with RFS-2 on to our customers, our profits will be adversely impacted. Moreover, the market prices for RINs have been volatile. If we have to pay a significantly higher price for RINs, if sufficient RINs are unavailable for purchase or if we are otherwise unable to meet the RFS-2 mandates, our business, financial condition and results of operations could be materially adversely affected.

Meeting the RFS-2 volume requirements will require more ethanol to be blended than can be achieved with 10% ethanol gasoline blends (E-10). In 2011, the EPA approved E-15 for use in model year 2001 and later vehicles. However, studies show that E-15 may cause engine and fuel system damage and most vehicle manufacturers do not recommend using E-15 in vehicles manufactured prior to 2013 or 2014 other than "Flex Fuel" vehicles. In addition, most existing USTs and retail dispenser systems are not certified by Underwriters Laboratory, local fire codes or the EPA for use with gasoline blends containing more than 10% ethanol. Flex Fuel vehicles can utilize E-85 but there are relatively few such vehicles on the road, there are few E-85 retail locations and the use of E-85 results in significant reductions in fuel economy. These and other impediments may present challenges to blending the required volumes of ethanol. If adequate supplies of the required types of biofuels are unavailable in volumes sufficient to meet our requirement, if we are unable to physically blend the required biofuel volumes without exceeding 10% ethanol, or if

RINs are not available in sufficient volumes or at economical prices, refinery production or profitability could be negatively affected. Our retail segment sells E-85, E-15 and biodiesel blends at some locations where the UST systems have been upgraded to handle these fuels.

In addition, as regulatory initiatives have required an increase in the consumption of renewable transportation fuels such as ethanol and biodiesel, consumer acceptance of electric, hybrid and other alternative vehicles is increasing. Increased use of renewable fuels and alternative vehicles may result in a decrease in demand for petroleum-based transportation fuels. Increased use of renewable fuels may also result in an increase in transportation fuel supply relative to decreased demand and a corresponding decrease in margins. A significant decrease in transportation fuel margins or demand for petroleum-based transportation fuels could have an adverse impact on our financial results. As described above, RFS-2 requires replacement of increasing amounts of petroleum-based transportation fuels with biofuels through 2022. RFS-2 and widespread use of E-15 or E-85 could cause decreased crude runs and materially affect our profitability unless fuel demand rises at a comparable rate or other outlets are found for the displaced petroleum products.

Finally, the EPA and the National Highway Traffic Safety Administration ("NHTSA") finalized new standards that raised the required Corporate Average Fuel Economy ("CAFE") of the nation's passenger fleet to approximately 35 mpg by 2016 and imposed the first-ever federal GHG emissions standards on cars and light trucks. In September 2011, the EPA and the Department of Transportation finalized first-time standards for fuel economy of medium and heavy duty trucks. In September 2012, the EPA and NHTSA finalized rules raising the CAFE and GHG standards for passenger vehicles beginning with 2017 model year vehicles and increasing to the equivalent of 54.5 mpg by 2025. The current administration has announced they will propose additional increases in fuel efficiency standards for medium and heavy duty vehicles in March 2016. Such increases in fuel economy standards and potential electrification of the vehicle fleet, along with mandated increases in use of renewable fuels discussed above, could result in decreasing demand for petroleum fuels which, in turn, could materially affect profitability at our refineries and convenience stores.

To meet higher fuel efficiency and GHG emission standards for passenger vehicles, automobile manufacturers are increasingly using technologies such as turbocharging, direct injection and higher compression ratios that require high octane gasoline. Many auto manufactures have expressed a desire that only a high-octane grade of gasoline be allowed in order to maximize fuel efficiency, rather than the three octane grades common now. Regulatory changes allowing only one high-octane grade, or significant increases in market demand for high-octane fuel could result a shift to high-octane ethanol blends containing 25% - 30% ethanol, the need for capital expenditures at our refineries to increase octane, or reduced demand for petroleum fuels, which could materially affect profitability of our refineries.

We operate independent refineries which may not be able to withstand volatile market conditions, compete on the basis of price or obtain sufficient quantities of crude oil in times of shortage to the same extent as integrated, multinational oil companies.

We compete with a broad range of companies in our refining and petroleum product marketing operations. Many of these competitors are integrated, multinational oil companies that are substantially larger than us. Because of their diversity, integration of operations, larger capitalization, larger and more complex refineries and greater resources, these companies may be better able to withstand volatile market conditions relating to crude oil and refined product pricing, to compete on the basis of price and to obtain crude oil in times of shortage.

We do not engage in petroleum exploration or production and therefore do not produce any of our crude oil feedstocks. Certain of our competitors, however, obtain a portion of their feedstocks from company-owned production activities. Competitors that have their own crude oil production are at times able to offset losses from refining operations with profits from producing operations and may be better positioned to withstand periods of depressed refining margins or feedstock shortages. If we are unable to compete effectively with these competitors, there could be a material adverse effect on our business, financial condition, and results of operations.

Decreases in commodity prices may lessen our borrowing capacities, increase collateral requirements for derivative instruments or cause a write-down of inventory.

The nature of our business requires us to maintain substantial quantities of crude oil, refined petroleum product and blendstock inventories. Because these inventories are commodities, we have no control over their changing market value. For example, reductions in the value of our inventories or accounts receivable as a result of lower commodity prices could result in a reduction in our borrowing base calculation under the Tyler refinery's revolving credit facility and a reduction in the amount of financial resources available to meet the Tyler and El Dorado refineries' credit requirements. Further, if at any time our availability under the revolving credit facility falls below certain thresholds, we may be required to take steps to reduce our utilization under the credit facility. In addition, changes in commodity prices may require us to utilize substantial amounts of cash to settle or cash collateralize some or all of our existing commodity hedges. Finally, because our inventory is valued at the lower of cost or market value, we would record a write-down of inventory and a non-cash charge to cost of sales if the market value of the inventory were to decline to an amount below our cost.

A terrorist attack on our assets, or threats of war or actual war, may hinder or prevent us from conducting our business.

Terrorist attacks in the United States, as well as events occurring in response to or in connection with them, including political instability in various Middle Eastern countries, may harm our business. Energy-related assets (which could include refineries, pipelines and terminals such as ours) may be at greater risk of future terrorist attacks than other possible targets in the United States.

A direct attack on our assets or the assets of others used by us could have a material adverse effect on our business, financial condition and results of operations. In addition, any terrorist attack or continued political instability in the Middle East could have an adverse impact on energy prices, including prices for crude oil, other feedstocks and refined petroleum products, and an adverse impact on the margins from our refining and petroleum product marketing operations. Disruption or significant increases in energy prices could also result in government-imposed price controls.

Legislative and regulatory measures to address climate change and GHG emissions could increase our operating costs or decrease demand for our refined products.

Various legislative and regulatory measures to address climate change and GHG emissions (including carbon dioxide, methane and nitrous oxides) are in various phases of discussion or implementation. They include proposed and recently enacted federal regulation and state actions to develop statewide, regional or nationwide programs designed to control and reduce GHG emissions from fixed sources, such as our refineries and coal-fired power plants, as well as mobile transportation sources and fuels.

In September 2015 the EPA finalized the “Clean Power Plan” requiring states to reduce CO2 emissions from coal fired power plants through a combination of plant closures, switching to renewable energy and natural gas, and demand reduction. This rule will not directly affect our operations but it could result in increased power costs or power shortages for our refineries in future years. Although it is not possible to predict the requirements of any GHG legislation that may be enacted, any laws or regulations that have been or may be adopted to restrict or reduce GHG emissions will likely require us to incur increased operating and capital costs and/or increased taxes on GHG emissions and petroleum fuels and result in reduced demand for our petroleum fuels. If we are unable to maintain sales of our refined products at a price that reflects such increased costs, there could be a material adverse effect on our business, financial condition and results of operations. Further, any increase in the prices of refined products resulting from such increased costs, GHG cap and trade programs or taxes on GHGs, could have a material adverse effect on our business, financial condition or results of operations.

Since the 2010 calendar year, EPA rules require that we report GHG emissions from our refinery operations and consumer use of products produced at our refineries on an annual basis. While the cost of compliance with the rule is not material, data gathered under the rule may be used in the future to support additional regulation of GHGs. In January 2011, the EPA began regulating GHG emissions from refineries and other major sources through the PSD and Federal Operating Permit (Title V) programs. In June 2014, the United States Supreme Court ruled that the EPA may not require PSD and Title V permits solely because of GHG emissions, but may require Best Available Control Technology (“BACT”) for GHG emissions above a certain threshold if emissions of other pollutants would otherwise require PSD permitting. While these rules do not impose any limits or controls on GHG emissions from current operations, emission increases from future projects or operational changes, such as capacity increases, may be impacted and required to meet emission limits or technological requirements such as Best Available Control Technologies. GHG regulation, including taxes on the GHG content of fuels, could also impact the consumption of refined products, thereby affecting our refinery operations.

Our retail segment is subject to loss of market share or pressure to reduce prices in order to compete effectively with a changing group of competitors in a fragmented retail industry.

The markets in which we operate our retail fuel and convenience stores are highly competitive and characterized by ease of entry and constant change in the number and type of retailers offering the products and services found in our stores. We compete with other convenience store chains, gas stations, supermarkets, drug stores, discount stores, club stores, mass merchants, fast food operations, independent owner-operators and other retail outlets. In some of our markets, our competitors have been in existence longer and have greater financial, marketing and other resources than us. In addition, independent owner-operators can generally operate stores with lower overhead costs than ours. As a result, our competitors may be able to respond better to changes in the economy and new opportunities within the industry.

Several non-traditional retailers, such as supermarkets, club stores and mass merchants, have affected the convenience store industry by entering the retail fuel business and/or selling merchandise traditionally found in convenience stores. These non-traditional gasoline and/or convenience merchandise retailers may obtain a significant share of the motor fuels market, may obtain a significant share of the convenience merchandise market and their market share in each market is expected to grow. Because of their diversity, integration of operations, experienced management and greater resources, these companies may be better able to withstand volatile market conditions or levels of low or no profitability in the retail segment. In addition, these retailers may use promotional pricing or discounts, both at the pump and in the store, to encourage in-store merchandise sales. These activities by our competitors could pressure us to offer similar discounts, adversely affecting our profit margins. Additionally, the loss of market share by our retail fuel and convenience stores to these and other retailers relating to either gasoline or merchandise could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Our Business

We are particularly vulnerable to disruptions to our refining operations because our refining operations are concentrated in two facilities.

Because all of our refining operations are concentrated in the Tyler and El Dorado refineries, significant disruptions at either facility could have a material adverse effect on our business, financial condition or results of operations. Refining segment contribution margin comprised approximately 56.7%, 76.1% and 79.3% of our consolidated contribution margin for the 2015, 2014 and 2013 fiscal years, respectively.

Our refineries consist of many processing units, a number of which have been in operation for many years. These processing units undergo periodic shutdowns known as turnarounds during which routine maintenance is performed to restore the operation of the equipment to its former level of performance. Depending on which units are affected, all or a portion of a refinery's production may be halted or disrupted during a maintenance turnaround. We completed maintenance turnarounds at our El Dorado refinery in 2014 and our Tyler refinery in 2015. In addition, even if properly maintained, equipment may require significant capital expenditures to maintain desired efficiencies. One or more of the units may require additional unscheduled down time for unanticipated maintenance or repairs that are more frequent than our scheduled turnarounds. For example, an explosion and fire at the Tyler refinery in November 2008 suspended operations for more than five months.

Refinery operations may also be disrupted by external factors such as a suspension of feedstock deliveries or an interruption of electricity, natural gas, water treatment or other utilities. Other potentially disruptive factors discussed elsewhere in these risk factors include natural disasters, severe weather conditions, workplace or environmental accidents, interruptions of supply, work stoppages, losses of permits or authorizations or acts of terrorism. Disruptions to our refining operations could reduce our revenues during the period of time that our processing units are not operating.

The dangers inherent in transporting, storing and processing crude oil and intermediate and finished petroleum products could cause disruptions and expose us to potentially significant costs and liabilities.

Our refining and logistics operations are subject to significant hazards and risks inherent in transporting, storing and processing crude oil and intermediate and finished petroleum products. These hazards and risks include, but are not limited to, natural or weather-related disasters, fires, explosions, pipeline ruptures and spills, trucking accidents, train derailments, third-party interference, mechanical failure of equipment and other events beyond our control. The occurrence of any of these events could result in production and distribution difficulties and disruptions, personal injury or death, environmental pollution and other damage to our properties and the properties of others. For example, an explosion and fire at our Tyler refinery in November 2008 resulted in two employee deaths, third-party claims and a suspension of production that continued for more than five months. In addition, we have detected several crude oil releases from pipelines owned by our logistics segment, including, without limitation, releases near Magnolia, Arkansas in March 2013, Macedonia, Arkansas in October 2013, Haynesville, Louisiana in April 2014 and Fouke, Arkansas in April 2015. Each of these releases resulted in the need for clean-up and remediation efforts.

Because of these inherent dangers, our refining and logistics operations are subject to various laws and regulations relating to occupational health and safety, process and operating safety and environmental protection. Continued efforts to comply with applicable laws and regulations related to health, safety and the environment, or a finding of non-compliance with current regulations, could result in additional capital expenditures or operating expenses, as well as fines and penalties.

In addition, our refineries, pipelines and terminals are located in populated areas and any release of hazardous material or catastrophic event could affect our employees and contractors as well as persons outside our property. Our pipelines, trucks and rail cars carry flammable and toxic materials on public railways and roads and across populated and/or environmentally sensitive areas and waterways that could be severely impacted in the event of a release. An accident could result in significant personal injuries and/or cause a release that results in damage to occupied areas as well as damage to natural resources. It could also affect deliveries of crude oil to our refineries resulting in a curtailment of operations. The cost to remediate such an accidental release and address other potential liabilities as well as the costs associated with any interruption of operations could be substantial. Although we maintain significant insurance coverage for such events, it may not cover all potential losses or liabilities.

In the event that personal injuries or deaths result from such events, or there are natural resource damages, we would likely incur substantial legal costs and liabilities. The extent of these costs and liabilities could exceed the limits of our available insurance. As a result, any such event could have a material adverse effect on our business, results of operations and cash flows.

The costs, scope, timelines and benefits of our refining projects may deviate significantly from our original plans and estimates.

We may experience unanticipated increases in the cost, scope and completion time for our improvement, maintenance and repair projects at our refineries. Refinery projects are generally initiated to increase the yields of higher-value products, increase our ability to process a variety of crude oils, increase production capacity, meet new regulatory requirements or maintain the safe and reliable operations of our existing assets. Equipment that we require to complete these projects may be unavailable to us at expected costs or within expected time periods. Additionally, employee or contractor labor expense may exceed our expectations. Due to these or other factors beyond our control, we may be unable to complete these projects within anticipated cost parameters and timelines.

In addition, the benefits we realize from completed projects may take longer to achieve and/or be less than we anticipated. Large-scale capital projects are typically undertaken in anticipation of achieving an acceptable level of return on the capital to be employed in the project. We base these forecasted project economics on our best estimate of future market conditions that are not within our control. Most large-scale projects take many years to complete and during this multi-year period, market and other business conditions can change from those we forecast. Our inability to complete and/or realize the benefits of refinery projects in a cost-efficient and timely manner could have a material adverse effect on our business, financial condition and results of operations.

We depend upon our logistics segment for a substantial portion of the crude oil supply and refined product distribution networks that serve our refineries.

Our logistics segment consists of Delek Logistics, a publicly traded master limited partnership, and our consolidated financial statements include its consolidated financial results. As of December 31, 2015, we owned a 59.7% limited partner interest in Delek Logistics, and a 95.4% interest in Logistics GP, which owns the entire 2.0% general partner interest in Delek Logistics. Delek Logistics operates a system of crude oil and refined product pipelines, distribution terminals and tankage in Arkansas, Louisiana, Tennessee and Texas. Delek Logistics generates revenues by charging tariffs for transporting crude oil and refined products through its pipelines, by leasing pipeline capacity to third parties, by charging fees for terminalling refined products and other hydrocarbons and storing and providing other services at its terminals.

Our refineries are substantially dependent upon Delek Logistics' assets and services under several long-term pipeline and terminal, tankage and throughput agreements expiring in 2017 through 2030. Delek Logistics is subject to its own operating and regulatory risks, including, but not limited to:

- its reliance on significant customers, including us;
- macroeconomic factors such as commodity price volatility that could affect its customers' utilization of its assets;
- its reliance on us for near-term growth;
- sufficiency of cash flow for required distributions;
- counterparty risks such as creditworthiness and force majeure;
- competition from third-party pipelines and terminals and other competitors in the transportation and marketing industries;
- environmental regulations;
- operational hazards and risks;
- pipeline tariff regulations;
- limitations on additional borrowings and other restrictions in its debt agreements; and
- other financial, operational and legal risks.

The occurrence of any of these risks could directly or indirectly affect Delek Logistics' financial condition, results of operations and cash flows. Because Delek Logistics is our consolidated subsidiary, the occurrence of any of these risks could also affect our financial condition, results of operations and cash flows. Additionally, if any of these risks affect Delek Logistics' viability, its ability to serve our supply and distribution needs may be jeopardized.

For additional information about Delek Logistics, see "Logistics Segment" under Item 1, Business, and "Terminals and Pipelines" under Item 2, Properties, of this Annual Report on Form 10-K.

Interruptions or limitations in the supply and delivery of crude oil or the supply and distribution of refined products may negatively affect our refining operations and inhibit the growth of our refining operations.

We rely on Delek Logistics and third-party transportation systems for the delivery of crude oil to our refineries. For example, during the year ended December 31, 2015, we relied upon the West Texas Gulf pipeline for the delivery of approximately 71.8% of the crude oil processed by our refineries. We could experience an interruption or reduction of supply and delivery, or an increased cost of receiving crude oil, if the ability of these systems to transport crude oil is disrupted because of accidents, adverse weather conditions, governmental regulation, terrorism, maintenance or failure of pipelines or other delivery systems, other third-party action or other events beyond our control. The unavailability for our use for a prolonged period of time of any system of delivery of crude oil could have a material adverse effect on our business, financial condition or results of operations. For example, on two separate occasions since we assumed control of the El Dorado refinery in April 2011, a third-party pipeline operator has temporarily suspended crude oil shipments on a pipeline system that has historically supplied significant amounts of crude oil to the refinery. In May 2011, the suspension resulted from flooding along the Mississippi River and lasted approximately five weeks. In April 2012, the suspension resulted from a pipeline rupture and lasted approximately ten months. In each instance, the El Dorado refinery operated at reduced throughput rates until the pipeline system resumed normal operations.

Moreover, interruptions in delivery or limitations in delivery capacity may not allow our refining operations to draw sufficient crude oil to support current refinery production or increases in refining output. In order to maintain or materially increase refining output, existing crude delivery systems may require upgrades or supplementation, which may require substantial additional capital expenditures.

In addition, the El Dorado refinery distributes most of its light product production through a third-party pipeline system. An interruption to or change in the operation of the third-party pipeline system may result in a material restriction to our distribution channels. Because demand in the El Dorado market is limited, a material restriction to the El Dorado refinery's distribution channels may cause us to reduce production and may have a material adverse effect on our business, financial condition and results of operations.

Finally, our West Texas terminals sell refined products produced by refineries owned mostly by third parties. In 2015, these terminals received a majority of their supply of refined products from a single supplier. We could experience an interruption or reduction of supply or delivery of refined products if our suppliers partially or completely ceased operations, temporarily or permanently. The ability of these refineries and our suppliers to supply refined products to us could be disrupted by anticipated events such as scheduled upgrades or maintenance, as well as events beyond their control, such as unscheduled maintenance, fires, floods, storms, explosions, power outages, accidents, acts of terrorism or other catastrophic events, labor difficulties and work stoppages, governmental or private party litigation, or legislation or regulation that adversely impacts refinery operations. In addition, any reduction in capacity of other pipelines that connect with our suppliers' pipelines or our pipelines due to testing, line repair, reduced operating pressures, or other causes could result in reduced volumes of refined product supplied to our West Texas terminals. A reduction in the volume of refined products supplied to our West Texas terminals could adversely affect our sales and earnings.

General economic conditions may adversely affect our business, operating results and financial condition.

Economic slowdowns may have serious negative consequences for our business and operating results because our performance is subject to domestic economic conditions and their impact on levels of consumer spending. Some of the factors affecting consumer spending include general economic conditions, unemployment, consumer debt, reductions in net worth based on declines in equity markets and residential real estate values, adverse developments in mortgage markets, taxation, energy prices, interest rates, consumer confidence and other macroeconomic factors. During a period of economic weakness or uncertainty, current or potential customers may travel less, reduce or defer purchases, go out of business or have insufficient funds to buy or pay for our products and services. Moreover, a financial market crisis may have a material adverse impact on financial institutions and limit access to capital and credit. This could, among other things, make it more difficult for us to obtain (or increase our cost of obtaining) capital and financing for our operations. Our access to additional capital may not be available on terms acceptable to us or at all.

Also, because both of our refineries are located in the Gulf Coast Region, we primarily market our refined products in a relatively limited geographic area. As a result, we are more susceptible to regional economic conditions compared to our more geographically diversified competitors, and any unforeseen events or circumstances that affect the Gulf Coast Region could also materially and adversely affect our revenues and cash flows. The primary factors include, among other things, changes in the economy, weather conditions, demographics and population, increased supply of refined products from competitors and reductions in the supply of crude oil or other feedstocks. In the event of a shift in the supply/demand balance in the Gulf Coast Region due to changes in the local economy, an increase in aggregate refining capacity or other reasons, resulting in supply exceeding the demand in the region, our refineries may have to deliver refined products to more customers outside of the Gulf Coast Region and thus incur considerably higher transportation costs, resulting in lower refining margins, if any.

Finally, substantially all of our retail fuel and convenience stores are located in the southeastern United States and approximately 92% of them were situated in the states of Alabama, Georgia and Tennessee at December 31, 2015. As a result, our results of operations are particularly vulnerable to general economic conditions in that region. An economic downturn in the southeastern United States could cause our sales and the value of our assets to decline, which could have a material adverse effect on our business, financial condition and results of operations.

From time to time, our cash and credit needs may exceed our internally generated cash flow and available credit, and our business could be materially and adversely affected if we are not able to obtain the necessary cash or credit from financing sources.

We have significant short-term cash needs to satisfy working capital requirements such as crude oil purchases which fluctuate with the pricing and sourcing of crude oil. We rely in part on our access to credit to purchase crude oil for our refineries. If the price of crude oil increases significantly, we may not have sufficient available credit, and may not be able to sufficiently increase such availability, under our existing credit facilities or other arrangements to purchase enough crude oil to operate our refineries at desired capacities. Our failure to operate our refineries at desired capacities could have a material adverse effect on our business, financial condition and results of operations. We also have significant long-term needs for cash, including any capital expenditures for refinery expansion and upgrade projects, as well as projects necessary for regulatory compliance.

Depending on the conditions in credit markets, it may become more difficult to obtain cash or credit from third-party sources. If we cannot generate cash flow or otherwise secure sufficient liquidity to support our short-term and long-term capital requirements, we may not be able to comply with regulatory deadlines or pursue our business strategies, in which case our operations may not perform as well as we currently expect.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

As of December 31, 2015, we had total debt of $975.7 million, including current maturities of $95.2 million. In addition to our outstanding debt, as of December 31, 2015, our letters of credit issued under our various credit facilities were $98.4 million. Our borrowing availability under our various credit facilities as of December 31, 2015 was $474.8 million.

Our level of debt could have important consequences for us. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to service our debt and lease obligations, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a disadvantage relative to our competitors that have less indebtedness or better access to capital by, for example, limiting our ability to enter into new markets, upgrade our refining assets, renovate our stores or pursue acquisitions or other business opportunities;
- limit our ability to borrow additional funds in the future; and
- increase interest costs for our borrowed funds and letters of credit.

In addition, a substantial portion of our debt has a variable rate of interest, which increases our exposure to interest rate fluctuations, to the extent we elect not to hedge such exposures.

If we are unable to meet our principal and interest obligations under our debt and lease agreements, we could be forced to restructure or refinance our obligations, seek additional equity financing or sell assets, which we may not be able to do on satisfactory terms or at all. Our default on any of those agreements could have a material adverse effect on our business, financial condition and results of operations. In addition, if new debt is added to our current debt levels, the related risks that we now face could intensify.

Our debt agreements contain operating and financial restrictions that might constrain our business and financing activities.

The operating and financial restrictions and covenants in our credit facilities and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage in, expand or pursue our business activities. For example, to varying degrees our credit facilities restrict our ability to:

- declare dividends and redeem or repurchase capital stock;
- prepay, redeem or repurchase debt;
- make loans and investments, issue guaranties and pledge assets;
- incur additional indebtedness or amend our debt and other material agreements;
- make capital expenditures;
- engage in mergers, acquisitions and asset sales; and
- enter into certain intercompany arrangements or make certain intercompany payments, which in some instances could restrict our ability to use the assets, cash flows or earnings of one operating segment to support another operating segment or Holdings.

Other restrictive covenants require that we meet certain financial covenants, including leverage coverage, fixed charge coverage and net worth tests as described in the applicable credit agreements. In addition, the covenant requirements of our various credit agreements require us to make many subjective determinations pertaining to our compliance thereto and exercise good faith judgment in determining our compliance.

Our ability to comply with the covenants and restrictions contained in our debt instruments may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants and restrictions may be impaired. If we breach any of the restrictions or covenants in our debt agreements, a significant portion of our indebtedness may become immediately due and payable, and our lenders' commitments to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these immediate payments. In addition, our obligations under our credit facilities are secured by substantially all of our assets. If we are unable to timely repay our obligations under our credit facilities, the lenders could seek to foreclose on the assets or we may be required to contribute additional capital to our subsidiaries. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

Changes in our credit profile could affect our relationships with our suppliers, which could have a material adverse effect on our liquidity and our ability to operate our refineries at full capacity.

Changes in our credit profile could affect the way crude oil, feedstock and refined product suppliers view our ability to make payments. As a result, suppliers could shorten the payment terms of their invoices with us or require us to provide significant collateral to them that we do not currently provide. Due to the large dollar amounts and volume of our crude oil and other petroleum product purchases, as well as the historical volatility of crude oil pricing, any imposition by our suppliers of more burdensome payment terms or collateral requirements 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 our refineries at desired capacities. A failure to operate our refineries at desired capacities could adversely affect our profitability and cash flows.

The termination or expiration of our Amended and Restated Master Supply and Offtake Agreement could have a material adverse effect on our liquidity.

Our S&O Agreement with J. Aron expires on April 30, 2017. Pursuant to the agreement, J. Aron purchases a substantial portion of the crude oil and refined products in Lion Oil's inventory at market prices. Upon any termination of the agreement, including at expiration or in connection with a force majeure or default, the parties are required to negotiate with third parties for the assignment to us of certain contracts, commitments and arrangements including procurement contracts, commitments for the sale of product, and pipeline, terminalling, storage and shipping arrangements. Additionally, upon any termination, we will be required to repurchase or refinance the consigned crude oil and refined products from J. Aron at then market prices, which may have a material impact on our working capital needs. At December 31, 2015, we had approximately 3.2 million barrels of inventory consigned to J. Aron, and we had recorded a liability associated with this consigned inventory of $132.0 million.

Our insurance policies do not cover all losses, costs or liabilities that we may experience, and insurance companies that currently insure companies in the energy industry may cease to do so or substantially increase premiums.

We carry property, business interruption, pollution and casualty insurance, but we do not maintain insurance coverage against all potential losses, costs or liabilities. We could suffer losses for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. In addition, we purchase insurance programs with large self-insured retentions and large deductibles. For example, we retain the first 21 to 60 days of our business interruption losses. Therefore, a significant part or all of a business interruption loss or other types of loss could be retained by us. The occurrence of a loss that is retained by us or not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

The energy industry is highly capital intensive, and the entire or partial loss of individual facilities or multiple facilities can result in significant costs to both industry companies, such as us, and their insurance carriers. Historically, large energy industry claims have resulted in significant increases in the level of premium costs and deductible periods for participants in the energy industry. For example, hurricanes have caused significant damage to energy companies operating along the Gulf Coast, in addition to numerous oil and gas production facilities and pipelines in that region. Insurance companies that have historically participated in underwriting energy-related risks may discontinue that practice, may reduce the insurance capacity they are willing to offer or demand significantly higher premiums or deductible periods to cover these risks. If significant changes in the number or financial solvency of insurance underwriters for the energy industry occur, or if other adverse conditions over which we have no control prevail in the insurance market, we may be unable to obtain and maintain adequate insurance at reasonable cost.

In addition, we cannot assure you that our insurers will renew our insurance coverage on acceptable terms, if at all, or that we will be able to arrange for adequate alternative coverage in the event of non-renewal. The unavailability of full insurance coverage to cover events in which we suffer significant losses could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully execute our strategy of growth through acquisitions.

A significant part of our growth strategy is to acquire assets such as refineries, pipelines, terminals, and retail fuel and convenience stores that complement our existing assets and/or broaden our geographic presence. If attractive opportunities arise, we may also acquire assets in new lines of business that are complementary to our existing businesses. From our inception in 2001 through December 2015, we acquired the Tyler and El Dorado refineries and approximately 500 retail fuel and convenience stores, developed our logistics segment through the acquisition of transportation and marketing assets and purchased approximately 48% of the issued and outstanding common stock of Alon USA through the Alon Acquisition. We expect to continue to acquire assets that complement our existing assets and/or broaden our geographic presence as a major element of our growth strategy. However, the occurrence of any of the following factors could adversely affect our growth strategy:

- We may not be able to identify suitable acquisition candidates or acquire additional assets on favorable terms. For example, the Alon Acquisition was completed in May 2015 through the acquisition of shares from a single Alon USA stockholder, Alon Israel. In connection with the Alon Acquisition, we executed a stockholder agreement with Alon USA that restricts our ability to purchase additional shares of Alon USA until May 2016. Prior to or following the expiration of the stockholder agreement, we may not be able to buy additional shares of Alon USA common stock or divest our shares of Alon USA common stock;
- We usually compete with others to acquire assets, which competition may increase, and any level of competition could result in decreased availability or increased prices for acquisition candidates;
- We may experience difficulty in anticipating the timing and availability of acquisition candidates;
- We may not be able to obtain the necessary financing, on favorable terms or at all, to finance any of our potential acquisitions;
- As a public company, we are subject to reporting obligations, internal controls and other accounting requirements with respect to any business we acquire, which may prevent or negatively affect the valuation of some acquisitions we might otherwise deem favorable or increase our acquisition costs. For example, prior to April 2011, the El Dorado refinery was controlled by a privately held entity that was not required to comply with public financial reporting obligations such as the Securities Exchange Act of 1934 and the management certification and auditor

attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Now that we control the El Dorado refinery, we must ensure that it maintains appropriate disclosure controls and procedures and internal control over financial reporting.

Acquisitions involve risks that could cause our actual growth or operating results to differ adversely compared with our expectations.

Due to our emphasis on growth through acquisitions, we are particularly susceptible to transactional risks that could cause our actual growth or operating results to differ adversely compared with our expectations. For example:

- during the acquisition process, we may fail or be unable to discover some of the liabilities of companies or businesses that we acquire;
- we may assume contracts or other obligations in connection with particular acquisitions on terms that are less favorable or desirable than the terms that we would expect to obtain if we negotiated the contracts or other obligations directly;
- we may fail to successfully integrate or manage acquired assets;
- acquired assets may not perform as we expect or we may not be able to obtain the cost savings and financial improvements we anticipate;
- acquisitions may require us to incur additional debt or issue additional equity;
- acquired assets may suffer a diminishment in fair value as a result of which we may need to record a write-down or impairment;
- we may fail to grow our existing systems, financial controls, information systems, management resources and human resources in a manner that effectively supports our growth;
- to the extent that we acquire assets in new lines of business, we may become subject to additional regulatory requirements and additional risks that are characteristic or typical of these lines of business; and
- to the extent that we acquire equity interests in entities that control assets (rather than acquiring the assets directly), we may become subject to liabilities that predate our ownership and control of the assets. For example, in 2011, we acquired all of the outstanding shares of common stock of Lion Oil, the Arkansas corporation that owns and operates the El Dorado refinery. Because we acquired the stock of Lion Oil (rather than acquiring the refinery assets directly), we may be subject to Lion Oil's historic liabilities. If we acquire further shares of Alon USA stock (rather than acquiring assets from Alon USA), we may become subject to Alon USA's historic liabilities as well.

The occurrence of any of these factors could adversely affect our business, financial condition and results of operations.

We may incur significant costs and liabilities with respect to investigation and remediation of environmental conditions at our refineries.

Prior to our purchase of our refineries, the previous owners had been engaged for many years in the investigation and remediation of hydrocarbons and other materials which contaminated soil and groundwater at the purchased facilities. Upon purchase of the facilities, we became responsible and liable for certain costs associated with the continued investigation and remediation of known and unknown impacted areas at the refineries. In the future, it may be necessary to conduct further assessments and remediation efforts at impacted areas at our refinery, pipeline, tank, terminal and store locations and elsewhere. In addition, we have identified and self-reported certain other environmental matters subsequent to our purchase of the refineries.

Based upon environmental evaluations performed internally and by third parties subsequent to the purchase of our refineries and other properties, we recorded environmental liabilities and accrued amounts we believe are sufficient to complete remediation. We expect remediation of soil, sediment and groundwater at some properties to continue for the foreseeable future. The need to make future expenditures for these purposes that exceed the amounts we estimated and accrued for could have a material adverse effect on our business, financial condition and results of operations.

In the future, we may incur substantial expenditures for investigation or remediation of contamination that has not been discovered at our current or former locations or locations that we may acquire. In addition, new legal requirements, new interpretations of existing legal requirements, increased legislative activity and governmental enforcement and other developments could require us to make additional unforeseen expenditures. Liabilities for future remediation costs are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated as material. 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.

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.

Our Tyler refinery currently has no ability to distribute refined petroleum products outside the northeast Texas market.

In recent years, we have expanded our refined product distribution capacities in northeast Texas with our acquisition of refined product terminals located in Big Sandy, Texas and Mount Pleasant, Texas. However, unlike most other refineries, the Tyler refinery currently has no ability to distribute refined products outside the northeast Texas market. For the year ended December 31, 2015, nearly all of the refinery sales volume in Tyler was completed through a rack system located at the Tyler refinery, which is owned by our logistics segment. The Tyler refinery's limited distribution capabilities may continue to limit its ability to increase its production, attract new customers for its refined petroleum products or increase sales of the Tyler refinery products. In addition, if demand for the Tyler refinery's products diminishes within the northeast Texas market, its production may be reduced and our financial results would be adversely affected unless additional distribution capabilities are identified.

An increase in competition and/or reduction in demand in the markets in which we purchase feedstocks and sell our refined products could increase our costs and/or lower prices and adversely affect our sales and profitability.

Our Tyler refinery is currently the only supplier of a full range of refined petroleum products within a radius of approximately 100 miles of its location and there are no competitive fuel loading terminals within approximately 90 miles of our San Angelo terminal. If competitors commence operations within these niche markets, we could lose our niche market advantage, which could have a material adverse effect on our business, financial condition and results of operations.

Our El Dorado refinery's profitability may be impacted by increased competition from refineries that operate in different regions that have access to Canadian and domestic crudes, which, from time to time may be discounted from crudes available to our El Dorado refinery. In addition, third party pipelines are currently in development that are expected to increase the supply of third party refined products in Little Rock, Arkansas.

In addition, the maintenance or replacement of our existing customers depends on a number of factors outside of our control, including increased competition from other suppliers and demand for refined products in the markets we serve. The market for distribution of wholesale motor fuel is highly competitive and fragmented. Some of our competitors have significantly greater resources and name recognition than us. The loss of major customers, or a reduction in amounts purchased by major customers, could have an adverse effect on us to the extent that we are not able to correspondingly increase sales to other purchasers.

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

We are subject to extensive tax liabilities, including federal and state income taxes and transactional taxes such as excise, sales/use, payroll, franchise, 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. Certain of these liabilities are subject to periodic audits by the respective taxing authority which could increase or otherwise alter our tax liabilities. Subsequent changes to our tax liabilities as a result of these audits may also subject us to interest and penalties and could have a material adverse effect on our business, financial condition and results of operations.

For example, the tax treatment of our logistics segment depends on its status as a partnership for federal income tax purposes. If a change in law, our failure to comply with existing law or other factors were to cause our logistics segment to be treated as a corporation for federal income tax purposes, it would become subject to entity-level taxation. As a result, our logistics segment would pay federal income tax on all of its taxable income at regular corporate income tax rates (subject to corporate alternative minimum tax), our logistics segment would likely pay additional state and local income taxes at varying rates, and distributions to unitholders, including us, would be generally treated as taxable dividends from a corporation. In such case, the logistics segment would likely experience a material reduction in its anticipated cash flow and after-tax return to its unitholders and we would likely experience a substantial reduction in its value.

In addition, recent regulatory proposals in the United States could effectively limit, or even eliminate, use of the LIFO inventory method for financial and income tax purposes. Although the final outcome of these proposals cannot be ascertained at this time, the ultimate impact to us of the transition from LIFO to another inventory method could be material. We use the LIFO method with respect to our inventories at the Tyler refinery. A change to the FIFO inventory method could result in a material increase/decrease in the tax basis of our inventory at the Tyler refinery. This increase/decrease in inventory value could impact our taxable income in the year of change or ratably over several tax years.

Our commodity and interest rate derivative activity may limit potential gains, increase potential losses, result in earnings volatility and involve other risks.

At times, we enter into commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil, ethanol and other feedstocks, future sales of refined products or to secure margins on future production. We also use interest rate swap and

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cap agreements to manage our market exposure to changes in interest rates related to our floating rate borrowings. We expect to continue to enter into these types of transactions from time to time and have increased our use of these risk management activities in recent years.

While these transactions are intended to limit our exposure to the adverse effects of fluctuations in crude oil prices, refined products prices and interest rates, they may also limit our ability to benefit from favorable changes in market conditions and may subject us to period-by-period earnings volatility in the instances where we do not seek hedge accounting for these transactions. Further, because the volume of derivative activity is less than our actual use of crude oil or production of refined products, our risk management activity does not completely limit our exposure to market volatility. Also, in connection with such derivative transactions, we may be required to make cash payments to maintain margin accounts and to settle the contracts at their value upon termination. Finally, this activity exposes us to potential risk of counterparties to our derivative contracts failing to perform under the contracts. As a result, the effectiveness of our risk management policies could have a material adverse impact on our business, results of operations and cash flows. For additional information about the nature and volume of these transactions, see Item 7A, Quantitative and Qualitative Disclosures about Market Risk, of this Annual Report on Form 10-K.

We are exposed to certain counterparty risks which may adversely impact our results of operations.

We evaluate the creditworthiness of each of our various counterparties, but we may not always be able to fully anticipate or detect deterioration in a counterparty's creditworthiness and overall financial condition. The deterioration of creditworthiness or overall financial condition of a material counterparty (or counterparties) could expose us to an increased risk of nonpayment or other default under our contracts with them. If a material counterparty (or counterparties) defaults on their obligations to us, this could materially adversely affect our financial condition, results of operations or cash flows. For example, under the terms of the S&O Agreement with J. Aron, we granted J. Aron the exclusive right to store and withdraw crude and certain products in the tanks associated with the El Dorado refinery. The S&O Agreement also provides that the ownership of substantially all crude oil and certain other refined products in the tanks associated with the refinery will be retained by J. Aron, and that J. Aron will purchase substantially all of the specified refined products processed at the El Dorado refinery. An adverse change in J. Aron's business, results of operations, liquidity or financial condition could adversely affect its ability to timely discharge its obligations to us, which could consequently have a material adverse effect on our business, results of operations or liquidity.

Adverse weather conditions or other unforeseen developments could damage our facilities, reduce customer traffic and impair our ability to produce and deliver refined petroleum products or receive supplies for our retail fuel and convenience stores.

The regions in which we operate are susceptible to severe storms, including hurricanes, thunderstorms, tornadoes, floods, extended periods of rain, ice storms and snow, all of which we have experienced in the past few years. Inclement weather conditions could damage our facilities, interrupt production, adversely impact consumer behavior, travel and retail fuel and convenience store traffic patterns or interrupt or impede our ability to operate our locations. If such conditions prevail near our refineries, they could interrupt or undermine our ability to produce and transport products from our refineries and receive and distribute products at our terminals. Regional occurrences, such as energy shortages or increases in energy prices, fires and other natural disasters, could also hurt our business. The occurrence of any of these developments 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 and logistics segments and in the first quarter of the year for our retail segment. We depend on favorable weather conditions in the spring and summer months.

Demand for gasoline, convenience merchandise and asphalt products is generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic and road and home construction. 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 and logistics segment are generally lower for the first and fourth quarters of each year. Seasonal fluctuations in traffic also affect sales of motor fuels and merchandise in our retail fuel and convenience stores. As a result, the operating results of our retail segment are generally lower for the first quarter of the year.

Weather conditions in our operating area also have a significant effect on our operating results in our retail segment. Customers are more likely to purchase more gasoline and higher profit margin items such as fast foods, fountain drinks and other beverages during the spring and summer months. Unfavorable weather conditions during these months and a resulting lack of the expected seasonal upswings in traffic and sales could have a material adverse effect on our business, financial condition and results of operations.

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

As of December 31, 2015, we employed 310 and 568 people in our Tyler and El Dorado operations, respectively. From among these employees, 180 operations and maintenance hourly employees and 39 truck drivers at the Tyler refinery were represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union and its Local 202 at year end. The Tyler operations and maintenance hourly employees are currently covered by a collective bargaining agreement that expires January 31, 2019. The Tyler truck drivers are currently covered by a collective bargaining agreement that expires March 1, 2018. As of December 31, 2015, 154 operations and maintenance hourly employees at the El Dorado refinery were represented by the International Union of Operating Engineers and its Local 381. These employees are covered by a collective bargaining agreement which expires on August 1, 2017. Although these collective bargaining agreements contain provisions to discourage strikes or work stoppages, we cannot assure you that strikes or work stoppages will not occur. A strike or work stoppage could have a material adverse effect on our business, financial condition and results of operations.

We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.

We rely on information technology systems across our operations, including management of our supply chain, point of sale processing at our retail sites, and various other processes and transactions. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as payment card and personal credit information.

In addition, the systems currently used for certain transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, may put certain payment card data at risk. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. We have taken the necessary steps to assure PCI compliance and Data Security Standards are being employed at all our locations. However, compliance with these requirements may result in cost increases due to necessary systems changes and the development of new administrative processes.

In recent years, several retailers, including us, have experienced data breaches resulting in the exposure of sensitive customer data, including payment card information. For example, our retail segment experienced a security breach in 2013 that may have compromised the payment card information of certain retail customers. Any compromise or breach of our information and payment technology systems could cause interruptions in our operations, damage our reputation, reduce our customers' willingness to visit our sites and conduct business with us, or expose us to liability from customers, financial institutions, credit card brands and associated processors. In addition, a compromise of our internal data network at any of our refining or terminal locations may have disruptive impacts similar to that of our retail operations. These disruptions could range from inconvenience in accessing business information to a disruption in our refining and/or logistics operations. The landscape of cyber threats is continuously changing and we combat this threat by undertaking continuous improvement opportunities within our security systems. Cost increases may be incurred in this area to combat the continued escalation of cyber attacks and/or disruptive criminal activity.

Also, we utilize information technology systems and controls that monitor the movement of petroleum products through our pipelines and terminals. An undetected failure of these systems could result in environmental damage, operational disruptions, regulatory enforcement or private litigation. Further, the failure of any of our systems to operate effectively, or problems we may experience with transitioning to upgraded or replacement systems, could significantly harm our business and operations and cause us to incur significant costs to remediate such problems.

If we lose any of our key personnel, our ability to manage our business and continue our growth could be negatively impacted.

Our future performance depends to a significant degree upon the continued contributions of our senior management team and key technical personnel. We do not currently maintain key person life insurance policies for any of our senior management team. The loss or unavailability to us of any member of our senior management team or a key technical employee could significantly harm us. We face competition for these professionals from our competitors, our customers and other companies operating in our industry. To the extent that the services of members of our senior management team and key technical personnel would be unavailable to us for any reason, we would be required to hire other personnel to manage and operate our company and to develop our products and technology. We cannot assure you that we would be able to locate or employ such qualified personnel on acceptable terms or at all.

We may seek to diversify our retail fuel and convenience store operations by entering new geographic areas, which may present operational and competitive challenges.

Since our inception, we have grown our retail segment primarily by acquiring stores in the southeastern United States. In the future, we may seek to grow by selectively operating stores in geographic areas other than those in which we currently operate, or in which we currently have a relatively small number of stores. This growth strategy would present numerous operational and competitive challenges to our senior management and employees and would place significant pressure on our operating systems. In addition, we cannot assure you that consumers located in the regions in which we may expand our operations would be as receptive to our stores as consumers in our existing markets. The success of any such growth plans will depend in part upon our ability to:

- select, and compete successfully in, new markets;
- obtain suitable sites at acceptable costs;
- identify and contract with financially stable developers;
- realize an acceptable return on the capital invested in new facilities;
- hire, train, and retain qualified personnel;
- integrate new retail fuel and convenience stores into our existing distribution, inventory control, and information systems;
- expand relationships with our suppliers or develop relationships with new suppliers; and
- secure adequate financing, to the extent required.

We cannot assure you that we will achieve our development goals, manage our growth effectively, or operate our existing and new retail fuel and convenience stores profitability. The failure to achieve any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our retail segment is dependent on fuel sales which makes us susceptible to increases in the cost of gasoline and interruptions in fuel supply.

Net fuel sales of our retail segment represented approximately 71.8%, 78.5% and 79.6% of total net sales of our retail segment for the fiscal years 2015, 2014 and 2013, respectively. Our dependence on fuel sales makes us susceptible to increases in the cost of gasoline and diesel fuel and fuel profit margins have a significant impact on our earnings. The volume of fuel sold by us and our fuel profit margins are affected by numerous factors beyond our control, including the supply and demand for fuel, volatility in the wholesale fuel market and the pricing policies of competitors in local markets. Although we can rapidly adjust our pump prices to reflect higher fuel costs, a material increase in the price of fuel could adversely affect demand. A material, sudden increase in the cost of fuel that causes our fuel sales to decline could have a material adverse effect on our business, financial condition and results of operations.

Our dependence on fuel sales also makes us susceptible to interruptions in fuel supply. At December 31, 2015, fuel from the Gulf Coast transported to us through the Colonial and Plantation pipelines was the primary source of fuel supply for approximately 83.6% of our retail fuel and convenience stores. To mitigate the risks of cost volatility, we typically have no more than a five-day supply of fuel at each of our stores and our fuel contracts do not guarantee an uninterrupted, unlimited supply in the event of a shortage. Gasoline sales generate customer traffic to our retail fuel and convenience stores and any decrease in gasoline sales, whether due to shortage or otherwise, could adversely affect our merchandise sales. A serious interruption in the supply of gasoline to our retail fuel and convenience stores could have a material adverse effect on our business, financial condition and results of operations.

If there is negative publicity concerning our brand names or the brand names of our suppliers, fuel and merchandise sales in our retail segment may suffer.

Negative publicity, regardless of whether the concerns are valid, concerning food, beverage, fuel or other product quality, food, beverage or other product safety or other health concerns, facilities, employee relations or other matters may materially and adversely affect demand for products offered at our stores and could result in a decrease in customer traffic to our stores. We offer food products in our stores that are marketed under our brand names and certain nationally recognized brands such as Subway®, Krispy Krunchy Chicken® and Quizno's®. These nationally recognized brands have significant operations at facilities owned and operated by third parties and negative publicity concerning these brands as a result of events that occur at facilities that we do not control could also adversely affect customer traffic to our stores. Additionally, we may be the subject of complaints or litigation arising from food or beverage-related illness or injury in general which could have a negative impact on our business. Health concerns, poor food, beverage, fuel or other product quality or operating issues stemming from one store or a limited number of stores can materially and adversely affect the operating results of some or all of our stores and harm our proprietary brands.

In addition, we are an independent retailer of fuel that markets some of our products under the major oil company brand BP®. Fuel sold under the BP® brand represented approximately 14.6% of total fuel sales volume for our retail segment during the year ended December 31, 2015. Negative publicity concerning the BP® brand could adversely affect fuel and merchandise sales volumes in our retail segment. For example, the

Deepwater Horizon accident in the Gulf of Mexico in April 2010 resulted in consumer boycotts of independent retailers of BP® branded fuels. If negative publicity pertaining to the BP® brand adversely affects our sales volumes, it could have a material adverse effect on our business, financial condition and results of operations.

Wholesale cost increases, vendor pricing programs and tax increases applicable to tobacco products, as well as campaigns to discourage their use, could adversely impact our results of operations in our retail segment.

Sales of tobacco products accounted for approximately 12.0%, 8.8% and 8.2% of net sales in our retail segment during the fiscal years 2015, 2014 and 2013, respectively. Our tobacco gross profit accounted for approximately 12.2%, 11.9% and 12.2% of total gross profit in our retail segment during the same periods. Increases in the retail price of tobacco products as a result of increased taxes or wholesale costs could materially impact our cigarette sales volume and/or revenues, merchandise gross profit and overall customer traffic. In addition, national and local campaigns to discourage the use of tobacco products may have an adverse effect on demand for these products. A reduction in cigarette sales volume and/or revenues, merchandise gross profit from tobacco products or overall customer demand for tobacco products could have a material adverse effect on the business, financial condition and results of operations of our retail segment.

Major cigarette manufacturers currently offer substantial rebates to us; however, there can be no assurance that such rebate programs will continue. We include these rebates as a component of our gross margin from sales of cigarettes. In the event these rebates are decreased or eliminated, our wholesale cigarette costs will increase. For example, certain major cigarette manufacturers have offered rebate programs that provide rebates only if we follow the manufacturer's retail pricing guidelines. If we do not receive the rebates because we do not participate in the program or if the rebates we receive by participating in the program do not offset or surpass the revenue lost as a result of complying with the manufacturer's pricing guidelines, our cigarette gross margin will be adversely impacted. In general, we attempt to pass wholesale price increases on to our customers. However, competitive pressures in our markets may adversely impact our ability to do so. In addition, reduced retail display allowances on cigarettes offered by cigarette manufacturers negatively impact gross margins. These factors could materially impact our retail price of cigarettes, cigarette sales volume and/or revenues, merchandise gross profit and overall customer traffic, which could in turn have a material adverse effect on our business, financial condition and results of operations.

If we are, or become, a United States real property holding corporation, special tax rules may apply to a sale, exchange or other disposition of common stock and non-U.S. holders may be less inclined to invest in our stock as they may be subject to United States federal income tax in certain situations.

A non-U.S. holder of our common stock may be subject to United States federal income tax with respect to gain recognized on the sale, exchange or other disposition of our common stock if we are, or were, a "U.S. real property holding corporation" ("USRPHC") at any time during the shorter of the five-year period ending on the date of the sale or other disposition and the period such non-U.S. holder held our common stock (the shorter period referred to as the "lookback period"). In general, we would be a USRPHC if the fair market value of our "U.S. real property interests," as such term is defined for United States federal income tax purposes, equals or exceeds 50% of the sum of the fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business. The test for determining USRPHC status is applied on certain specific determination dates and is dependent upon a number of factors, some of which are beyond our control (including, for example, fluctuations in the value of our assets). If we are or become a USRPHC, so long as our common stock is regularly traded on an established securities market such as the NYSE, only a non-U.S. holder who, actually or constructively, holds or held during the lookback period more than five percent of our common stock will be subject to United States federal income tax on the disposition of our common stock.

Risks Related to Our Common Stock

The price of our common stock may fluctuate significantly, and you could lose all or part of your investment.

The market price of our common stock may be influenced by many factors, some of which may be beyond our control, including:

- our quarterly or annual earnings or those of other companies in our industry;
- inaccuracies in and changes to our previously published quarterly or annual earnings;
- changes in accounting standards, policies, guidance, interpretations or principles;
- economic conditions within our industry as well as general economic and stock market conditions;
- the failure of securities analysts to cover our common stock or the cessation of such coverage;
- changes in financial estimates by securities analysts and the frequency and accuracy of such reports;
- future sales of our common stock;
- announcements by us or our competitors of significant contracts or acquisitions;
- sales of common stock by us, our senior officers or our affiliates; and
- the other factors described in these "Risk Factors."

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes often occur without any apparent regard to the operating performance of these companies. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our stock price. In addition, recent distress in the credit and financial markets resulted in extreme volatility in trading prices of securities and diminished liquidity, and we cannot assure you that our liquidity will not be affected by changes in the financial markets and the global economy.

In the past, some companies that have experienced volatile market prices for their securities have been subject to securities class action suits filed against them. The filing of a lawsuit against us, regardless of the outcome, could have a material adverse effect on our business, financial condition and results of operations, as it could result in substantial legal costs and a diversion of our management's attention and resources.

We do not have the ability to control the operations or policies of Alon USA for so long as we do not control a majority of Alon USA common stock.

As of December 31, 2015, we owned approximately 48% of the issued and outstanding common stock of Alon USA (the “Alon Investment”) and five of our employees served on the 11-member Alon USA board of directors, including Mr. Yemin who serves as the chairman of the Alon USA board of directors. However, as a result of our minority ownership position in Alon USA common stock and our minority position on the Alon USA board of directors, we are unable to control the operations or policies of Alon USA.

So long as we maintain a minority ownership position in Alon USA common stock and a minority position on the Alon USA board of directors, we may be unable to control, among other things, (i) the election of members of the Alon USA board of directors; (ii) the corporate and management policies of Alon USA (including the declaration of dividends and the timing and preparation of its financial statements); and/or (iii) the outcome of any corporate transaction or other matter submitted to shareholders of Alon USA for approval, including potential mergers or acquisitions, asset sales or other significant corporate transactions.

Because we account for the Alon Investment under the equity method of accounting, the earnings or losses reported by Alon USA will have a direct effect upon our earnings.

Due to our ownership percentage in Alon USA, we account for the Alon Investment using the equity method of accounting. As a result, the earnings or losses reported by Alon USA will have a direct impact on our earnings or losses per share. Alon USA is an independent refiner and marketer of petroleum products subject to many of the same risk factors as we are (some of which are detailed in our Form 10-K) as well as other risk factors. To the extent that these factors adversely impact Alon USA’s earnings, our earnings per share may be adversely affected as well. For example, for the quarter ended December 31, 2015, Alon USA reported a goodwill impairment in the amount of approximately $39.0 million that adversely impacted Alon USA's pre-tax earnings. Because we account for the Alon Investment using the equity method of accounting, this impairment adversely impacted our pre-tax earnings for the quarter ended December 31, 2015 by approximately $18.7 million. For additional information regarding the risks to Alon USA's business, please see those identified in Alon USA's annual, quarterly and current reports, including those identified in Alon USA's Annual Report on Form 10-K for the year ended December 31, 2015.

Stockholder activism may negatively impact the price of our common stock.

Our stockholders may from time to time engage in proxy solicitations, advance stockholder proposals or otherwise attempt to effect changes or acquire control over us. The Alon Investment and recent decline in the price of our common stock increase this risk. Campaigns by stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term stockholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. Responding to proxy contests and other actions by activist stockholders can be costly and time-consuming, disrupting our operations and divert the attention of our Board of Directors and senior management from the pursuit of business strategies. As a result, stockholder campaigns could adversely affect our results of operations, financial condition and cash flows.

Future sales of shares of our common stock could depress the price of our common stock.

The market price of our common stock could decline as a result of the introduction of a large number of shares of our common stock into the market or the perception that these sales could occur. For example, we issued six million shares of our common stock to Alon Israel Oil Company, Ltd. in connection with the Alon Investment and the introduction of these shares into the market (or the perception that these sales could occur) could have an adverse impact on the market price of our common stock. Sales of a large number of shares of our common stock, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Our stockholders may suffer substantial dilution.

We may sell securities in the public or private equity markets if and when conditions are favorable, even if we do not have an immediate need for capital. In addition, if we have an immediate need for capital, we may sell securities in the public or private equity markets even when conditions are not otherwise favorable. Our stockholders will suffer dilution if we issue currently unissued shares of our stock in the future. Our stockholders will also suffer dilution as stock, restricted stock units, restricted stock, stock options, stock appreciation rights, warrants or other equity awards, whether currently outstanding or subsequently granted, are exercised.

We depend upon our subsidiaries for cash to meet our obligations and pay any dividends.

We are a holding company. Our subsidiaries conduct substantially all of our operations and own substantially all of our assets. Consequently, our cash flow and our ability to meet our obligations or pay dividends to our stockholders depend upon the cash flow of our subsidiaries and the payment of funds by our subsidiaries to us in the form of dividends, tax sharing payments or otherwise. Our subsidiaries' ability to make any payments will depend on many factors, including their earnings, cash flows, the terms of their credit facilities, tax considerations and legal restrictions.

We may be unable to pay future regular and/or special dividends in the anticipated amounts and frequency set forth herein.

We will only be able to pay regular and/or special dividends from our available cash on hand and funds received from our subsidiaries. Our ability to receive dividends and other cash payments from our subsidiaries is restricted under the terms of their respective credit facilities. For example, under the terms of their credit facilities, our subsidiaries are subject to certain customary covenants that limit their ability to, subject to certain exceptions as defined in their respective credit agreements, remit cash to, distribute assets to, or make investments in us as the parent company. Specifically, these covenants limit the payment, in the form of cash or other assets, of dividends or other cash payments to us. The declaration of future regular and/or special dividends on our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our results of operations, financial condition, earnings, capital requirements, restrictions in our debt agreements and legal requirements. Although we currently intend to pay regular quarterly cash dividends on our common stock at an annual rate of $0.60 per share, we cannot provide any assurances that any regular and/or special dividends will be paid in the anticipated amounts and frequency set forth herein, if at all.

Provisions of Delaware law and our organizational documents may discourage takeovers and business combinations that our stockholders may consider in their best interests, which could negatively affect our stock price.

Provisions of Delaware law, our Second Amended and Restated Certificate of Incorporation and our Third Amended and Restated Bylaws may have the effect of delaying or preventing a change in control of our company or deterring tender offers for our common stock that other stockholders may consider in their best interests. For example, our Second Amended and Restated Certificate of Incorporation provides that:

- stockholder actions may only be taken at annual or special meetings of stockholders;
- members of our Board of Directors can be removed with or without cause by a supermajority vote of stockholders;
- the Court of Chancery of the State of Delaware is, with certain exceptions, the exclusive forum for certain legal actions;
- our bylaws, as may be in effect from time to time, can be amended only by a supermajority vote of stockholders; and
- certain provisions of our certificate of incorporation, as may be in effect from time to time, can be amended only by a supermajority vote of stockholders.

In addition, the certificate of incorporation authorizes us to issue up to 10,000,000 shares of preferred stock in one or more different series with terms to be fixed by our Board of Directors. Stockholder approval is not necessary to issue preferred stock in this manner. Issuance of these shares of preferred stock could have the effect of making it more difficult and more expensive for a person or group to acquire control of us and could effectively be used as an anti-takeover device. On the date of this report, no shares of our preferred stock are outstanding.

Finally, our Third Amended and Restated Bylaws provide for an advance notice procedure for stockholders to nominate director candidates for election or to bring business before an annual meeting of stockholders and require that special meetings of stockholders be called only by our chairman of the Board of Directors, president or secretary after written request of a majority of our Board of Directors. The advance notice provision requires disclosure of derivative positions, hedging transactions, short interests, rights to dividends and other similar positions of any stockholder proposing a director nomination, in order to promote full disclosure of such stockholder's economic interest in us.

The anti-takeover provisions of Delaware law and provisions in our organizational documents may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

We are exposed to risks relating to evaluations of internal controls required by Section 404 of Sarbanes-Oxley.

To comply with the management certification and auditor attestation requirements of Section 404 of Sarbanes-Oxley, we are required to evaluate our internal controls systems to allow management to report on, and our independent auditors to audit, our internal controls over financial reporting. During this process, we may identify control deficiencies of varying degrees of severity under applicable SEC and Public Company Accounting Oversight Board rules and regulations that remain unremediated. As a public company, we are required to report, among other things, control deficiencies that constitute a "material weakness" or changes in internal controls that, or are reasonably likely to, materially affect internal controls over financial reporting. A "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

If we fail to comply with the requirements of Section 404, we may be subject to sanctions or investigation by regulatory authorities such as the SEC or the NYSE. Additionally, failure to comply with Section 404 or the report by us of a material weakness may cause investors to lose confidence in our financial statements and our stock price may be adversely affected. If we fail to remedy any material weakness, our financial statements may be inaccurate, we may face restricted access to the capital markets, and our stock price may decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary conduct of our business, we are from time to time subject to lawsuits, investigations and claims, including, environmental claims and employee related matters.

SEC Investigation

In December 2014, the staff of the SEC advised the Company that a formal order of private investigation had been issued focused on the past restatement of the Company’s financial statements in 2011, the revision of the quarterly information provided in the 2012 Annual Report on Form 10-K and the Company’s internal control over financial reporting. The Company is cooperating fully with the SEC staff’s investigation. The Company cannot predict the scope, timing or outcome of the SEC staff’s investigation at this time.

Magnolia Station

In June 2015, the United States Department of Justice ("DOJ") notified us that it was evaluating an enforcement action on behalf of the EPA with regard to potential Clean Water Act violations arising from the March 2013 release at our Magnolia Station in Arkansas. The DOJ visited the site in July 2015 and we continue to work with them and respond to their information requests. However, no specific claim for penalties or affirmative relief has been made as of this time.

Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, including civil penalties or other enforcement actions, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Dividends

Our common stock is traded on the New York Stock Exchange under the symbol "DK." The following table sets forth the quarterly high and low sales prices of our common stock for each quarterly period indicated and dividends issued since January 1, 2014:

Period	High Sales Price	Low Sales Price	Regular Dividends Per Common Share	Special Dividends Per Common Share
2014				
First Quarter	$35.11	$26.39	$0.15	$0.10
Second Quarter	$34.07	$27.77	$0.15	$0.10
Third Quarter	$36.05	$27.48	$0.15	$0.10
Fourth Quarter	$34.56	$25.15	$0.15	$0.10
2015				
First Quarter	$40.22	$25.38	$0.15	$—
Second Quarter	$41.15	$34.96	$0.15	$—
Third Quarter	$40.47	$27.32	$0.15	$—
Fourth Quarter	$29.90	$22.11	$0.15	$—

The dividends paid in 2015 and 2014 totaled approximately $37.1 million and $59.2 million, respectively. As of the date of this filing, we intend to continue to pay regular quarterly cash dividends on our common stock at the annual rate of $0.60 per share. The declaration and payment of future regular and/or special dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, legal requirements, restrictions in our debt agreements and other factors our Board of Directors deems relevant. Except as represented in the table above, we have paid no other cash dividends on our common stock during the two most recent fiscal years.

Holders

As of February 24, 2016, there were approximately seven common stockholders of record. This number does not include beneficial owners of our common stock whose stock is held in nominee or "street" name accounts through brokers.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table sets forth information with respect to the purchase of shares of our common stock made during the three months ended December 31, 2015 by or on behalf of us or any "affiliated purchaser," as defined by Rule 10b-18 of the Exchange Act:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [1]
October 1 - October 31, 2015	366,300	$27.30	366,300	$85,994,294
November 1 - November 30, 2015	118,087	27.75	118,087	82,717,253
December 1 - December 31, 2015	—	—	—	$82,717,253 [2]
Total	484,387	$27.41	484,387	N/A

(1) In 2015, the Company's Board of Directors authorized a share repurchase program for up to $125.0 million of the Company's common stock. Any share repurchases under the repurchase program were implemented through open market transactions or in privately negotiated transactions, in accordance with applicable securities laws. The timing, price, and size of repurchases were made at the discretion of management and depended on prevailing market prices, general economic and market conditions and other considerations. The repurchase program did not obligate the Company to acquire any particular amount of stock, and the unused portion of the authorization under the repurchase program expired on December 31, 2015.

(2) This amount expired on December 31, 2015 and does not include a new $125.0 million stock repurchase program, which was authorized by the Board and announced on February 25, 2016. The 2016 stock repurchase authorization is scheduled to expire on December 31, 2016 and as of February 29, 2016, this repurchase authorization had not been utilized.

Performance Graph

The following Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following graph and table compare cumulative total returns for our stockholders to the Standard and Poor's 500 Stock Index and a market capitalization weighted peer group selected by management for the five-year period commencing December 31, 2010 and ending December 31, 2015. The graph assumes a $100 investment made on December 31, 2010. Each of the three measures of cumulative total return assumes reinvestment of dividends. The peer group is comprised of Alon USA Energy, Inc. (NYSE: ALJ), CVR Energy, Inc. (NYSE: CVI), HollyFrontier Corporation (NYSE: HFC), Marathon Petroleum Corporation (NYSE: MPC), Phillips 66 (NYSE: PSX), Tesoro Corporation (NYSE: TSO), Valero Energy Corporation (NYSE: VLO) and Western Refining, Inc (NYSE: WNR). The stock performance shown on the graph below is not necessarily indicative of future price performance.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Statement of Operations Data:		(In millions, except share and per share data)			
Net sales	$5,762.0	$8,324.3	$8,706.8	$8,726.7	$7,198.2
Total operating costs and expenses	5,681.3	7,957.8	8,469.1	8,253.6	6,912.1
Operating income	80.7	366.5	237.7	473.1	286.1
Total non-operating expenses, net	53.6	38.9	31.1	45.5	38.3
Income before income taxes	27.1	327.6	206.6	427.6	247.8
Income tax expense (benefit)	(16.6)	101.6	70.9	151.6	84.7
Net income	43.7	226.0	135.7	276.0	163.1
Net income attributed to non-controlling interest	24.3	27.4	18.0	3.2	4.8
Net income attributable to Delek	$19.4	$198.6	$117.7	$272.8	$158.3
Basic & diluted earnings per share:					
Basic	$0.32	$3.38	$1.99	$4.65	$2.80
Diluted	$0.32	$3.35	$1.96	$4.57	$2.78
Weighted average common shares outstanding:					
Basic	60,819,771	58,780,947	59,186,921	58,719,968	56,543,977
Diluted	61,320,570	59,355,120	60,047,138	59,644,798	57,026,864

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Balance Sheet Data:		(In millions)			
Cash and cash equivalents	$302.2	$444.1	$400.0	$601.7	$225.9
Total current assets	988.8	1,246.7	1,417.1	1,359.7	1,050.6
Property, plant and equipment, net	1,521.1	1,443.3	1,273.2	1,124.2	1,053.8
Total assets	3,324.9	2,888.7	2,840.4	2,623.7	2,230.6
Total current liabilities	759.7	856.2	1,080.1	999.1	994.7
Total debt, including current maturities	975.7	587.3	410.3	362.2	432.6
Total non-current liabilities	1,211.3	834.1	639.9	546.6	582.3
Total shareholders' equity	1,353.9	1,198.4	1,120.4	1,078.0	653.6
Total liabilities and shareholders' equity	3,324.9	2,888.7	2,840.4	2,623.7	2,230.6

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Annual Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements reflect our current estimates, expectations and projections about our future results, performance, prospects and opportunities. Forward-looking statements include, among other things, the information concerning our possible future results of operations, business and growth strategies, financing plans, expectations that regulatory developments or other matters will or will not have a material adverse effect on our business or financial condition, our competitive position and the effects of competition, the projected growth of the industry in which we operate, and the benefits and synergies to be obtained from our completed and any future acquisitions, statements of management's goals and objectives, and other similar expressions concerning matters that are not historical facts. Words such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "appears," "projects" and similar expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Important factors that, individually or in the aggregate, could cause such differences include, but are not limited to:

- volatility in our refining margins or fuel gross profit as a result of changes in the prices of crude oil, other feedstocks and refined petroleum products;
- reliability of our operating assets;
- competition;
- changes in, or the failure to comply with, the extensive government regulations applicable to our industry segments;
- our ability to execute our strategy of growth through acquisitions and the transactional risks inherent in such acquisitions;
- diminution in value of long-lived assets may result in an impairment in the carrying value of the asset on our balance sheet and a resultant loss recognized in the statement of operations;
- general economic and business conditions, particularly levels of spending relating to travel and tourism or conditions affecting the southeastern United States;
- volatility of derivative instruments;
- deterioration of creditworthiness or overall financial condition of a material counterparty (or counterparties);
- unanticipated increases in cost or scope of, or significant delays in the completion of, our capital improvement and periodic turnaround projects;
- risks and uncertainties with respect to the quantities and costs of refined petroleum products supplied to our pipelines and/or held in our terminals;
- operating hazards, natural disasters, casualty losses and other matters beyond our control;
- increases in our debt levels or costs;
- changes in our ability to continue to access the credit markets;
- compliance, or failure to comply, with restrictive and financial covenants in our various debt agreements;
- the inability of our subsidiaries to freely make dividends, loans or other cash distributions to us;
- seasonality;
- acts of terrorism aimed at either our facilities or other facilities that could impair our ability to produce or transport refined products or receive feedstocks;

- changes in the cost or availability of transportation for feedstocks and refined products; and
- other factors discussed under Item 1A, Risk Factors and Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations and in our other filings with the SEC.

In light of these risks, uncertainties and assumptions, our actual results of operations and execution of our business strategy could differ materially from those expressed in, or implied by, the forward-looking statements, and you should not place undue reliance upon them. In addition, past financial and/or operating performance is not necessarily a reliable indicator of future performance and you should not use our historical performance to anticipate future results or period trends. We can give no assurances that any of the events anticipated by any forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition.
Forward-looking statements speak only as of the date the statements are made. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.

Executive Summary and Strategic Overview

Business Overview

We are an integrated downstream energy business focused on petroleum refining, the wholesale distribution of refined products and convenience store retailing. Our business consists of three operating segments: (1) refining, (2) logistics, and (3) retail. Our refining segment operates independent refineries in Tyler, Texas and El Dorado, Arkansas with a combined design crude throughput capacity of 155,000 bpd. Our logistics segment gathers, transports and stores crude oil and markets, distributes, transports and stores refined products in select regions of the southeastern United States and west Texas for our refining segment, as well as third parties. Our retail segment markets gasoline, diesel, other refined petroleum products and convenience merchandise through a network of 358 company-operated retail fuel and convenience stores located in Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia.
We own a 59.7% limited partner interest in Delek Logistics Partners, LP ("Delek Logistics") and a 95.4% interest in the entity that owns the entire 2.0% general partner interest in Delek Logistics and all of the income distribution rights. Delek Logistics was formed by Delek in 2012 to own, operate, acquire and construct crude oil and refined products logistics and marketing assets. Delek Logistics' initial assets were contributed by us and included certain assets formerly owned or used by certain of our subsidiaries. A substantial majority of Delek Logistics' assets are currently integral to our refining and marketing operations.
In conjunction with the acquisition by a subsidiary of Delek Logistics of two crude oil offloading racks and related ancillary assets adjacent to the El Dorado refinery (the "El Dorado Offloading Racks Acquisition") and the acquisition of a crude oil storage tank and related ancillary assets adjacent to the Tyler refinery (the "Tyler Crude Tank Acquisition"), we reclassified the components of certain operating segments. The results of the operations of the assets associated with these acquisitions were previously reported as part of our refining segment and are now reported in our logistics segment. The historical results of the operations of these assets have been retrospectively adjusted to conform to the current presentation.
Our profitability in the refining segment is substantially determined by the difference between the cost of the crude oil feedstocks we purchase and the price of the refined products we sell, referred to as the "crack spread, refining margin or refined product margin." The cost to acquire feedstocks and the price of the refined petroleum products we ultimately sell from our refineries depend on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined petroleum products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions such as hurricanes or tornadoes, local, domestic and foreign political affairs, global conflict, production levels, the availability of imports, the marketing of competitive fuels and government regulation. Other significant factors that influence our results in the refining segment include operating costs (particularly the cost of natural gas used for fuel and the cost of electricity), seasonal factors, refinery utilization rates and planned or unplanned maintenance activities or turnarounds. Moreover, while the fluctuations in the cost of crude oil are typically reflected in the prices of light refined products, such as gasoline and diesel fuel, the price of other residual products, such as asphalt, coke, carbon black oil and LPG are less likely to move in parallel

with crude cost. This causes additional pressure on our realized margin in periods of rising crude oil prices and, during periods of falling crude oil prices, margins may benefit from these economics. Additionally, our margins are impacted by the pricing differentials of the various types and sources of crude oil we use at our two refineries and their relation to product pricing, such as the differentials between Midland WTI and Cushing WTI or Cushing WTI and Brent crude oil.

For our Tyler refinery, we compare our per barrel refined product margin to a well-established industry metric: the Gulf Coast crack spread. The Gulf Coast crack spread is used as a benchmark for measuring a refinery's product margins by measuring the difference between the market price of light products and crude oil. It represents the approximate gross margin resulting from processing one barrel of crude oil into three-fifths of a barrel of gasoline and two-fifths of a barrel of high-sulfur diesel. We calculate the Gulf Coast crack spread using the market value of U.S. Gulf Coast Pipeline CBOB and U.S. Gulf Coast Pipeline No. 2 Heating Oil (high sulfur diesel) and the first month futures price of WTI on the NYMEX.

U.S. Gulf Coast Pipeline CBOB is a grade of gasoline commonly blended with biofuels and marketed as Regular Unleaded at retail locations. U.S. Gulf Coast Pipeline No. 2 Heating Oil is a petroleum distillate that can be used as either a diesel fuel or a fuel oil. This is the standard by which other distillate products (such as ultra low sulfur diesel) are priced. The NYMEX is the commodities trading exchange where contracts for the future delivery of petroleum products are bought and sold.

We anticipate that the quantities and varieties of crude oil processed and products manufactured at the El Dorado refinery will continue to vary. Therefore, we do not believe that it is possible to develop a reasonable refined product margin benchmark that would accurately portray our refined product margins at the El Dorado refinery.

The cost to acquire the refined fuel products we sell to our wholesale customers in our logistics segment and at our convenience stores in our retail segment depends on numerous factors beyond our control, including the supply of, and demand for, crude oil, gasoline and other refined petroleum products which, in turn, depend on, among other factors, changes in domestic and foreign economies, weather conditions, domestic and foreign political affairs, production levels, the availability of imports, the marketing of competitive fuels and government regulation. Our retail merchandise sales are driven by our ability to offer competitive prices on the products we offer, the accessibility of our convenience store locations, our ability to offer a high level of customer service and our ability to effectively promote our convenience brand in the regional markets we serve. Motor fuel margin is defined as gross sales less the delivered cost of fuel and motor fuel taxes, and is measured on a cents per gallon basis. Our motor fuel margins are impacted by local supply, demand, weather, competitor pricing, blending of renewable fuels and product brand.

As part of our overall business strategy, we regularly evaluate opportunities to expand our portfolio of businesses and may at any time be discussing or negotiating a transaction that, if consummated, could have a material effect on our business, financial condition, liquidity or results of operations.

2016 Strategic Goals

We seek to create value by focusing on strategic priorities, which include:

- Continued improvements in reliability, efficiencies and yields. With the completion of a large capital investment program in our refining segment, we have increased our capacity and flexibility. This provides us with a great opportunity to further improve our operations by enhancing the reliability, efficiencies and yields at both refineries. By doing so, we should further improve the competitive position and free cash flow potential of our refinery system.
- Enhance our crude and product logistics assets. Our goal is to increase the amount of gathered crude oil in our system and expand our marketing operations to support our system as well as third parties.
- Optimize our retail system to support continued growth and integration. Our goal is to build on our successes and further optimize our retail system to increase its integration with our refining system, ensure successful site selection for our new stores, and maximize our ability to serve our customers.
- Grow through opportunistic acquisitions. This growth platform has been a central part of the development of our integrated business model. It is complementary to our ability to invest in our operations to provide organic growth and we continue to explore opportunities to provide long-term growth.
- Use our financial flexibility and cash flow to create shareholder value. With the completion of our large capital spending program, we are focused on generating free cash flow in our business. Our capital allocation program includes: 1) investing in our business, 2) growing through acquisitions, and 3) returning cash to shareholders through dividends and share repurchases - all of which combine into a central theme of increasing long-term value to our shareholders. This program is balanced around maintaining financial flexibility on our balance sheet in order to manage our business through changing market conditions.

2015 Strategic Developments

Alon USA Energy Stock Purchase Agreement

In May 2015, Delek acquired from Alon Israel Oil Company, Ltd. ("Alon Israel") approximately 33.7 million shares of common stock (the "ALJ Shares") of Alon USA Energy, Inc. (NYSE: ALJ) ("Alon USA"), pursuant to the terms of a stock purchase agreement with Alon Israel dated April 14, 2015 (the "Alon Acquisition"). The ALJ Shares represent an equity interest in Alon USA of approximately 48%. The Company acquired the ALJ Shares for the following combination of cash, stock and seller-financed debt:

- The Company issued 6,000,000 restricted shares of the Company's common stock, par value $0.01 per share (the "DK Shares"), to Alon Israel (the DK Shares (a) were subject to customary restrictions on transfer for 180 days following the closing of the Alon Acquisition, (b) are subject to a right of first refusal in favor of Delek for five years following the closing of the Alon Acquisition and (c) are accompanied by customary registration rights);

- The Company issued an unsecured $145.0 million term promissory note payable to Alon Israel that bears interest at a rate of 5.5% per annum and requires five annual principal amortization payments of $25.0 million followed by a final principal amortization payment of $20.0 million at maturity in January 2021;
- The Company paid Alon Israel $200.0 million in cash at closing funded with a combination of cash on hand and borrowings under the Lion Term Loan (defined below); and
- The Company agreed to pay Alon Israel $5.0 million of additional consideration, to be paid ratably in annual installments over a period of 5 years.

The Company will also issue an additional 200,000 restricted shares of the Company's common stock, par value $0.01 per share, to Alon Israel if the closing price of the Company's common stock is greater than $50.00 per share for at least 30 consecutive trading days that end on or before May 14, 2017.

Alon USA is an independent refiner and marketer of petroleum products, operating primarily in the South Central, Southwestern and Western regions of the United States. Alon USA owns 100% of the general partner and 81.6% of the limited partner interests in Alon USA Partners, LP (NYSE: ALDW), which owns a crude oil refinery in Big Spring, Texas, with a crude oil throughput capacity of 73,000 bpd and an integrated wholesale marketing business. In addition, Alon USA directly owns a crude oil refinery in Krotz Springs, Louisiana, with a crude oil throughput capacity of 74,000 bpd. Alon USA also owns crude oil refineries in California, which have not processed crude oil since 2012. Alon USA is a leading marketer of asphalt, which they distribute primarily through asphalt terminals located predominately in the Southwestern and Western United States. Alon USA is the largest 7-Eleven licensee in the United States and operates approximately 300 convenience stores which market motor fuels in Central and West Texas and New Mexico.

Refining Segment

Tyler Expansion Project/Turnaround

During the first quarter of 2015, we completed a maintenance turnaround at the Tyler refinery, as well as replaced the fluid catalytic cracking reactor (the "Tyler Maintenance Turnaround"). In addition, during the turnaround, we completed a project to expand the crude nameplate capacity at the Tyler refinery by 15,000 bpd, bringing the capacities of the crude processing unit to 75,000 bpd, the distillate hydrotreating unit to 36,000 bpd and the naphtha hydrotreating unit to 28,000 bpd (the "Tyler Expansion" and, together with the Tyler Maintenance Turnaround, the "Tyler Project"). The cost of the Tyler Expansion was approximately $63.6 million, of which approximately $13.7 million was spent in the year ended December 31, 2015. This expansion project was primarily financed with the $70.0 million term loan under our Wells ABL credit facility.

Logistics Segment

Acquisitions

In March 2015, a subsidiary of Delek Logistics completed the El Dorado Offloading Racks Acquisition from Lion Oil, which consisted of two crude oil offloading racks that are designed to receive up to 25,000 bpd of light crude oil or 12,000 bpd of heavy crude oil, or some combination of the two, delivered by rail to the El Dorado refinery and related ancillary assets adjacent to the El Dorado refinery (the "El Dorado Rail Offloading Racks"). The purchase price paid for the assets acquired was approximately $42.5 million in cash, financed with borrowings under the amended and restated Delek Logistics revolving credit agreement.

In March 2015, a subsidiary of Delek Logistics completed the Tyler Crude Tank Acquisition from Refining, which consisted of a crude oil storage tank with 350,000 barrels of shell capacity that supports the Tyler refinery and related ancillary assets adjacent to our Tyler refinery. The purchase price paid for the assets acquired was $19.4 million in cash financed with borrowings under the amended and restated Delek Logistics revolving credit agreement.

Joint Ventures

On March 20, 2015, the logistics segment entered into two joint ventures that are currently constructing logistics assets, which will serve third parties and the refining segment. The total projected investment for the two joint ventures is approximately $96.0 million. These assets include the following:

- a 50% interest in an 80-mile crude oil pipeline with a capacity of 80,000 bpd that originates in Longview, Texas with destinations in the Shreveport, Louisiana area (the "Caddo Pipeline") and;
- a 33% interest in a 107-mile crude oil pipeline with a capacity of 55,000 bpd with the capability to expand to 85,000 bpd, that originates in north Loving County, Texas near the Texas-New Mexico border and terminates in Midland, Texas ("the RIO Pipeline").

Retail Segment

The retail strategy has been centered around increasing the proportion of large format stores in our portfolio to enhance the value provided to our customers. These large format stores include more fuel pumps, as well as quick service food offerings and a larger merchandise selection inside the store. During 2015, we constructed three new large-format stores and divested 10 non-strategic locations. As of December 31, 2015, the retail segment operated 358 locations, versus 365 locations in the prior-year period. Of the 358 stores in operation, 218 stores, or approximately 60.9% of the store base, are either reimaged locations or large-format stores. At the end of 2015 there were 67 large-format stores in operation.

In addition, we have continued to grow our private label product offerings, which reached approximately 8.8% of merchandise revenue, excluding cigarettes, in 2015. Our loyalty program expanded by approximately 21.8%, and reached approximately 1.4 million registered users in 2015. We have continued to improve our fuel supply flexibility by leveraging our integration with the refining segment to increase the amount of both direct and exchange fuel shipments to our stores. This resulted in more Gulf Coast bulk fuel purchases in our system giving us better access to advantageous pricing for our product.

Debt Refinancing

Lion Term Loan Amendment
In connection with our closing of the Alon Acquisition, we entered into a second amended and restated term loan credit facility (the “Lion Term Loan”), to, among other things, increase our outstanding term loan facility from $99.0 million to $275.0 million. The Lion Term Loan matures May 14, 2020 and the interest rate is based, at our election, on a LIBOR or base rate plus applicable margins, subject in each case to an all-in interest rate floor of 5.5%. The Lion Term Loan is secured by, among other things, (i) substantially all assets of Lion Oil and its subsidiaries (excluding inventory and accounts receivable), (ii) all shares in Lion Oil, (iii) the subordinated and common units of Delek Logistics Partners, LP held by Lion Oil, and (iv) the ALJ Shares. Additionally, the Lion Term Loan is guaranteed by the Company and the subsidiaries of Lion Oil.

Return Capital to Shareholders

Dividends
We paid regular quarterly dividends of $0.15 per share, totaling $0.60 per share, during the year ended December 31, 2015. Total dividends declared during the year ended December 31, 2015 equaled $37.1 million.

Stock Repurchase Program

In 2015, the Board of Directors authorized a share repurchase program for up to $125.0 million of our common stock. All share repurchases under the repurchase program were implemented through open market transactions or in privately negotiated transactions, in accordance with applicable securities laws. The timing, price, and size of repurchases were made at the discretion of management and depended on prevailing market prices, general economic and market conditions and other considerations. The repurchase program did not obligate us to acquire any particular amount of stock, and the unused portion of the authorization under the repurchase program expired on December 31, 2015. During the year ended December 31, 2015, we repurchased 1,444,140 shares of our common stock under the repurchase authorization, for a total expenditure of approximately $42.2 million.

In 2016, our Board of Directors approved a new share repurchase authorization for $125.0 million that will expire on December 31, 2016. Shares under the program may be repurchased from time to time in the open market or through privately negotiated transactions, subject to market conditions and other factors.

Market Trends

Our results of operations are significantly affected by fluctuations in the prices of certain commodities, including, but not limited to, crude oil, gasoline, distillate fuel, biofuels and natural gas and electricity, among others. Historically, our profitability has been affected by commodity price volatility, specifically as it relates to the price of crude oil and refined products.

The table below reflects the quarterly high, low and average prices of Cushing WTI crude oil over the past three years. We continue to experience volatility in the energy markets. We believe the steady decline in the price of Cushing WTI crude oil in 2015 is primarily attributable to local and global over supply, driven by an increase in domestic production and foreign exports. Fluctuations in the price of Cushing WTI crude oil impact the cost of raw materials processed at our refineries, as well as the price of finished products sold by all three of our operating segments.

The table below reflects the quarterly high, low and 5-3-2 crack spread over the past three years.

The decline in the Cushing WTI to Brent crude oil differential contributed to the decline in the Gulf Coast 5-3-2 crack spread in 2015, as Gulf Coast light product prices typically track Brent crude oil price movements. A change in the Cushing WTI to Brent crude oil differential has an impact on our profitability. The wholesale cost of refined products further contributed to the decline in the Gulf Coast 5-3-2 crack spread in 2015, with the US Gulf Coast price of gasoline declining 37.8%, from an average of $2.49 per gallon in 2014 to $1.55 per gallon in 2015 and the US Gulf coast price of High Sulfur Diesel declining 44.0%, from an average of $2.59 per gallon in 2014 to $1.45 per gallon in 2015. The charts below illustrate the decline in the price of U.S. Gulf Coast Gasoline and U.S. High Sulfur Diesel over the past three years.

Our Tyler and El Dorado refineries both continued to have greater access to discounted Midland WTI and Midland WTI-linked crude feedstocks during 2015 compared to certain of our competitors. In the Tyler and El Dorado refineries, Midland WTI crude oil accounted for approximately 77.5% and 62.8%, respectively, of the crude slate delivered to each refinery in 2015. As new pipelines and rail capabilities have increased the ability to ship price-advantaged crude oil supplies in and from the mid-continent region, we have experienced a decline in certain crude oil price differentials. As these price differentials decrease, so does our competitive advantage created by our access to WTI-linked crude oil. The chart below illustrates the differentials of both Brent crude oil and Midland WTI crude oil as compared to Cushing WTI crude oil.

Environmental regulations continue to affect our margins in the form of the increasing cost of RINs. On a consolidated basis, we work to balance our RINs obligations in order to minimize the effect of RINs on our results. While we generate RINs in all three operating segments through our ethanol blending and biodiesel production, our refining segment needs to purchase additional RINs to satisfy its obligations. On a consolidated basis, we have sufficient RINs to meet our 2014 obligation; however, we will have to purchase approximately 15 million RINs to meet our 2015 obligation and have recorded a liability for net RIN obligations of $9.1 million as of December 31, 2015. As a result, increases in the price of RINs adversely affected our results of operations. It is not possible at this time to predict with certainty what future volumes or costs may be, but given the increase in required volumes and the volatile price of RINs, the cost of purchasing sufficient RINs could have an adverse impact on our results of operations if we are unable to recover those costs in the price of our refined products. The chart below illustrates the volatile nature of the price for RINs over the past three years.

Results of Operations

The table below sets forth certain information concerning our consolidated operations:

	Year Ended December 31,		
	2015	2014	2013
Net sales	$5,762.0	$8,324.3	$8,706.8
Operating costs and expenses:			
Cost of goods sold	5,015.6	7,315.2	7,880.7
Operating expenses	406.6	398.8	387.4
General and administrative expenses	126.0	133.4	111.2
Depreciation and amortization	134.0	111.5	89.8
Other operating income, net	(0.9)	(1.1)	—
Total operating costs and expenses	5,681.3	7,957.8	8,469.1
Operating income	80.7	366.5	237.7
Interest expense	58.3	40.6	37.7
Interest income	(1.1)	(0.8)	(0.3)
Income from equity method investments	(2.0)	—	—
Other income, net	(1.6)	(0.9)	(6.3)
Total non-operating expenses, net	53.6	38.9	31.1
Income before income tax (benefit) expense	27.1	327.6	206.6
Income tax (benefit) expense	(16.6)	101.6	70.9
Net income	43.7	226.0	135.7
Net income attributed to non-controlling interest	24.3	27.4	18.0
Net income attributable to Delek	$19.4	$198.6	$117.7

Consolidated Results of Operations — Comparison of the Year Ended December 31, 2015 versus the Year Ended December 31, 2014 and the Year Ended December 31, 2014 versus the Year Ended December 31, 2013

Net Sales

We generated net sales of $5,762.0 million and $8,324.3 million during the years ended December 31, 2015 and 2014, respectively, a decrease of $2,562.3 million, or 30.8%. The decrease in net sales was primarily attributable to decreases in refined product sales prices across all three operating segments, as well as a decrease in sales volumes at the Tyler refinery due to the downtime associated with the turnaround and expansion projects completed in the first quarter of 2015, as well as decreased sales volumes attributed to our west Texas operations in the logistics segment for 2015, as compared to 2014. These decreases were partially offset by an increase in sales volumes at the El Dorado refinery and fuel volumes and merchandise sales in the retail segment.

We generated net sales of $8,324.3 million and $8,706.8 million during the years ended December 31, 2014 and 2013, respectively, a decrease of $382.5 million, or 4.4%. The decrease in net sales was primarily attributable to decreases in refined product sales prices across all three operating segments, as well as a decrease in sales volumes attributed to our west Texas operations in the logistics segment for 2014, as compared to 2013. These decreases were partially offset by an increase in sales volumes in the refining and retail segments.

Cost of Goods Sold

Cost of goods sold was $5,015.6 million for the year ended December 31, 2015, compared to $7,315.2 million for 2014, a decrease of $2,299.6 million, or 31.4%. The decrease in cost of goods sold was primarily due to a decrease in the average cost of refined products in the logistics and retail segments, a decrease in the cost of crude oil in the refining segment and a decrease in sales volumes in the west Texas operations in the logistics segment and at the Tyler refinery. Partially offsetting these decreases were losses associated with our hedging program of $10.2 million for the year ended December 31, 2015, compared to gains of $131.7 million for the year ended December 31, 2014.

Cost of goods sold was $7,315.2 million for the year ended December 31, 2014, compared to $7,880.7 million for 2013, a decrease of $565.5 million, or 7.2%. The decrease in cost of goods

sold was primarily due to a decrease in the average cost of refined products in the logistics and retail segments, a decrease in the cost of crude oil in the refining segment and a decrease in sales volumes in the west Texas operations in the logistics segment. These decreases were partially offset by an increase in sales volumes in both the refining and retail segments.

Operating Expenses

Operating expenses were $406.6 million for the year ended December 31, 2015 compared to $398.8 million in 2014, an increase of $7.8 million, or 2.0%. The increase in operating expenses is primarily attributable to various maintenance initiatives in the logistics segment, increased salaries, maintenance and insurance expenses in the retail segment and increases in labor, electricity, catalyst and outside services expenses at the El Dorado refinery. These were partially offset by the downtime associated with the turnaround and expansion projects completed at the Tyler refinery in the first quarter of 2015, as well as a decline in insurance expenses at the Tyler refinery.

Operating expenses were $398.8 million for the year ended December 31, 2014 compared to $387.4 million in 2013, an increase of $11.4 million, or 2.9%. The increase in operating expenses is primarily attributable to the expenses associated with the operation of the biodiesel facility acquired in January 2014, increases in maintenance costs in the logistics segment and increases in salaries, maintenance and credit expenses, resulting from our continued shift to large-format stores, in the retail segment. These increases were partially offset by decreases in inspection fees, supplies and insurance expenses in the refining segment.

General and Administrative Expenses

General and administrative expenses were $126.0 million for the year ended December 31, 2015 compared to $133.4 million in 2014, a decrease of $7.4 million, or 5.5%. The overall decrease was primarily due to a decrease in outside services, as well as lower employee related expenses due to lower earnings in the year ended December 31, 2015, as compared to 2014. These decreases were partially offset by an increase in acquisition related expenses and expenses associated with a new payroll system project initiated in 2015.

General and administrative expenses were $133.4 million for the year ended December 31, 2014 compared to $111.2 million in 2013, an increase of $22.2 million, or 20.0%. The overall increase was primarily due to increases in payroll related expenses, attributable to company growth, stock-based compensation and incentive expense.

Depreciation and Amortization

Depreciation and amortization was $134.0 million and $111.5 million for the years ended December 31, 2015 and 2014, respectively, an increase of $22.5 million, or 20.2%. This increase was primarily due to the completion of capital projects in the refining segment and accelerated depreciation of assets replaced in the turnaround and expansion of the Tyler refinery completed in the first quarter of 2015.

Depreciation and amortization was $111.5 million and $89.8 million for the years ended December 31, 2014 and 2013, respectively, an increase of $21.7 million, or 24.2%. This increase was primarily due to the additional depreciation associated with the assets acquired in 2014, the completion of capital projects in the refining segment and the construction of new large-format stores in the retail segment.

Other Operating Income

Other operating income for the year ended December 31, 2015 was $0.9 million and primarily related to settlement of certain sales and use tax overpayments from prior years, partially offset by a $2.2 million impairment of certain equipment assets in our refining segment. Other operating income for the year ended December 31, 2014 was $1.1 million and primarily related to a condemnation payment associated with one of our retail stores. We did not have any other operating income for 2013.

Interest Expense

Interest expense was $58.3 million in the year ended December 31, 2015, compared to $40.6 million for 2014, an increase of $17.7 million, or 43.6%. The increase was primarily attributable to $3.9 million of one-time fees associated with the amendment to the Lion Term Loan and interest costs associated with increased debt levels related to the Alon Acquisition in the second quarter of 2015.

Interest expense was $40.6 million in the year ended December 31, 2014, compared to $37.7 million for 2013, an increase of $2.9 million, or 7.7%. The increase was primarily attributable to increases in interest costs under our credit

facilities due to changes in debt utilization and interest rates thereunder.
Income from Equity Method Investments
During the year ended December 31, 2015, we recognized income from equity method investments of $2.0 million, which was primarily attributable to our proportionate share of the net income from our investment in Alon USA of $2.6 million, which included a reduction of $18.7 million associated with an impairment of goodwill taken by Alon USA in the fourth quarter of 2015. Income from equity method investments is net of $1.5 million in amortization of the excess of our investment over our equity in the underlying net assets of Alon USA. We did not hold any equity method investments in 2014.
Other Income
Other income was $1.6 million and $0.9 million in the year ended December 31, 2015 and 2014, respectively and was primarily attributable to foreign currency gains and miscellaneous other income in both years. Other income was $6.3 million in 2013 and was primarily attributable to the reversal of litigation accruals due to favorable court rulings.

Income Taxes

Income tax (benefit) expense was $(16.6) million and $101.6 million during the years ended December 31, 2015 and 2014, respectively, a decrease of $118.2 million. Our effective tax rate was (61.3)% for 2015, compared to 31.0% for 2014. The decrease in our effective tax rate for 2015 was primarily due to an increase in tax credits and incentives and lower pre-tax income for 2015 as compared to 2014.

Income tax expense was $101.6 million and $70.9 million during the years ended December 31, 2014 and 2013, respectively, an increase of $30.7 million. Our effective tax rate was 31.0% for 2014, compared to 34.3% for 2013. The decrease in our effective tax rate for 2014 was primarily due to an increase in certain tax benefits and the actualization of prior-year provision amounts.

Operating Segments

In conjunction with the El Dorado Offloading Racks Acquisition and the Tyler Crude Tank Acquisition, we reclassified the components of certain operating segments. The results of the operations of the assets associated with these acquisitions were previously reported as part of our refining segment and are now reported in our logistics segment. The historical results of the operations of these assets have been retrospectively adjusted to conform to the current presentation.

Refining Segment

The tables and charts below set forth certain information concerning our refining segment operations ($ in millions, except per barrel information):

	Year Ended December 31,		
	2015	2014	2013
Net sales	$4,440.2	$6,350.5	$6,435.8
Cost of goods sold	4,022.2	5,664.8	5,865.2
Gross Margin	418.0	685.7	570.6
Operating expenses	225.4	221.0	222.8
Contribution margin	$192.6	$464.7	$347.8

[1] Sales volume includes 3,693 bpd, 1,096 bpd and 1,277 bpd sold to the logistics segment during the years ended December 31, 2015, 2014 and 2013, respectively. Sales volume also includes sales of 1,800 bpd, 3,324 bpd and 2,696 bpd of intermediate and finished products to the El Dorado refinery and the logistics segment during the years ended December 31, 2015, 2014 and 2013, respectively. Sales volume excludes 1,635 bpd and 20,572 bpd of wholesale activity during the years ended December 31, 2015and 2013, respectively. There was no wholesale activity during the year ended December 31, 2014.

[1] Sales volume includes 3,683, 3,696 and 2,720 bpd of produced finished product sold to the retail segment during the years ended December 31, 2015, 2014 and 2013, respectively. Sales volume also includes 1,744 bpd, 1,609 bpd and 936 bpd of produced finished product sold to the Tyler refinery during the years ended December 31, 2015, 2014 and 2013, respectively. Sales volume excludes 28,057 bpd, 13,842 bpd and 20,572 bpd of wholesale

activity during the years ended December 31, 2015, 2014 and 2013, respectively.

Refining Segment Operational Comparison of the Year Ended December 31, 2015 versus the Year Ended December 31, 2014 and the Year Ended December 31, 2014 versus the Year Ended December 31, 2013

Contribution Margin

Contribution margin for the refining segment for the year ended December 31, 2015 was $192.6 million, or 56.7% of our consolidated contribution margin, compared to $464.7 million, or 76.1% of our consolidated segment contribution margin, for the year ended December 31, 2014. The decrease to the refining segment contribution margin was primarily attributable to a decrease in sales volumes at the Tyler refinery, as a result of the downtime at the Tyler refinery associated with the turnaround and expansion projects completed in the first quarter of 2015 and a decline in margins at both

refineries. This was partially offset by subsequent volume increases at the Tyler refinery as a result of the expansion project as well as an increase in sales volumes at the El Dorado refinery.
Contribution margin for the refining segment for the year ended December 31, 2014 was $464.7 million, or 76.1% of our consolidated contribution margin, compared to $347.8 million, or 79.3% of our consolidated segment contribution margin, for the year ended December 31, 2013. The increase to the refining segment contribution margin was primarily attributable to the increased margins at the Tyler refinery, as compared to the same period in 2013, partially offset by a slight decline in margins at the El Dorado refinery.
The decrease in margins from 2015 as compared to 2014 primarily resulted from the decreased differential between WTI crude oil and Midland crude oil. In the Tyler refinery, Midland crude oil accounted for 77.5% and 90.5% of the crude slate in 2015 and 2014, respectively. In the El Dorado refinery, Midland crude oil accounted for 62.8% and 49.5% of the crude slate in 2015 and 2014, respectively. This was partially offset by an increase in the benchmark Gulf Coast crack spread, which was driven by a 47.4% decline in the cost of WTI crude oil, coupled with smaller declines in the US Gulf Coast price of gasoline and High Sulfur Diesel of 37.8% and 44.0%, respectively.
The increase in margins from 2014 as compared to 2013 primarily resulted from the increased differential between WTI crude oil and Midland crude oil. This was partially offset by a decline in the benchmark Gulf Coast crack spread, which was driven by a 5.2% decline in the cost of WTI crude oil, coupled with larger declines in the US Gulf Coast price of gasoline and ULSD of 7.4% and 8.8%, respectively.

Net Sales
Net sales for the refining segment were $4,440.2 million and $6,350.5 million during the years ended December 31, 2015 and 2014, respectively, a decrease of $1,910.3 million, or 30.1%. The decrease in net sales is primarily due to declines in the average price of U.S. Gulf Coast gasoline and a decrease in sales volumes at the Tyler refinery. These declines were partially offset by a 5.4% increase in net sales volume at the El Dorado refinery. During the years ended December 31, 2015 and 2014, the refining segment sold $619.4 million and $622.1 million, or 24,939 and 15,881 bpd, respectively, of finished product to the retail and logistics segments. These sales are eliminated in consolidation.
Net sales for the refining segment were $6,350.5 million and $6,435.8 million during the years ended December 31, 2014 and 2013, respectively, a decrease of $85.3 million, or 1.3%. The decrease in net sales is primarily due to declines in the average price of U.S. Gulf Coast gasoline. These declines were partially offset by a 3.4% increase in net sales volume at both the Tyler and El Dorado refineries. During the years ended December 31, 2014 and 2013, the refining segment sold $622.1 million and $430.7 million, or 15,881 and 9,502 bpd, respectively, of finished product to the retail and logistics segments. These sales are eliminated in consolidation.

Cost of Goods Sold

Cost of goods sold for the year ended December 31, 2015 was $4,022.2 million compared to $5,664.8 million for the year ended December 31, 2014, a decrease of $1,642.6 million, or 29.0%. The decrease in cost of goods sold was primarily a result of the decrease in the cost of WTI crude oil, as well as the decrease in throughputs at the Tyler refinery. These decreases were partially offset by an increase in throughputs at the El Dorado refinery, as well as hedging losses associated with our hedging program of $10.7 million in 2015, compared to gains of $128.6 million in 2014.

Cost of goods sold for the year ended December 31, 2014 was $5,664.8 million compared to $5,865.2 million for the year ended December 31, 2013, a decrease of $200.4 million, or 3.4%. The decrease in cost of goods sold was primarily a result of hedging gains associated with our hedging program of $128.5 million in 2014, compared to losses of $3.0 million in 2013 and a decrease in the cost of WTI crude oil, partially offset by a 3.4% increase in average daily sales volume across the refining segment.

Our refining segment has multiple service agreements with our logistics segment which, among other things, require the refining segment to pay terminalling and storage fees based on the throughput volume of crude and finished product in the logistics segment pipelines and the volume of crude and finished product stored in the logistics segment storage tanks. These fees were $121.6 million, $95.0 million and 57.8 million during the years ended December 31, 2015, 2014 and 2013, respectively, and are included in cost of goods sold for the refining segment. We eliminate these intercompany fees in consolidation.

Operating Expenses

Operating expenses were $225.4 million for the year ended December 31, 2015, compared to $221.0 million in 2014, an increase of $4.4 million, or 2.0%. The increase in operating expenses was primarily due to increases in labor, electricity, catalyst and outside services expenses at the El Dorado refinery, which were partially offset by the downtime associated with the turnaround and expansion projects completed at the Tyler refinery in the first quarter of 2015, as well as a decline in insurance expenses at the Tyler refinery.

Operating expenses were $221.0 million for the year ended December 31, 2014, compared to $222.8 million in 2013, a decrease of $1.8 million, or 0.8%. The decrease in operating expenses was primarily due to decreases in inspection fees, supplies and insurance expense, partially offset by increases in maintenance expenses associated with environmental spill clean-up costs, a mechanical issue with the Tyler refinery's fluid catalytic cracking reactor and increased expenses associated with the operation of the biodiesel facility.

Logistics Segment

The table below sets forth certain information concerning our logistics segment operations:

	Year Ended December 31,		
	2015	2014	2013
Net sales	$589.7	841.3	$907.4
Cost of goods sold	436.3	697.2	811.3
Gross Margin	153.4	144.1	96.1
Operating expenses	44.9	39.5	35.9
Contribution margin	$108.5	$104.6	$60.2
Operating Information:			
East Texas - Tyler Refinery sales volumes (average bpd) (1)	59,174	61,368	58,773
West Texas wholesale marketing throughputs (average bpd) (2)	16,357	16,707	18,156
West Texas wholesale marketing margin per barrel	$1.35	$4.67	$2.12
Terminalling throughputs (average bpd) (3)	106,514	96,801	75,438
Throughputs (average bpd):			
Lion Pipeline System:			
Crude pipelines (non-gathered)	54,960	47,906	46,515
Refined products pipelines to Enterprise Systems	57,366	53,461	49,694
SALA Gathering System	20,673	22,656	22,152
East Texas Crude Logistics System	18,828	7,361	19,896
El Dorado Rail Offloading Rack	981	—	—

(1) Excludes jet fuel and petroleum coke.

(2) Excludes bulk ethanol and biodiesel.

(3) Consists of terminalling throughputs at our Tyler, Big Sandy and Mount Pleasant, Texas, El Dorado and North Little Rock, Arkansas and Memphis and Nashville, Tennessee terminals. Throughput volumes for the Tyler, Texas terminal for the year ended December 31, 2013 are for the 159 days from July 27, 2013 through December 31, 2013. Throughputs for the North Little Rock Terminal for the year ended December 31, 2013 are for the 69 days from October 24, 2013 through December 31, 2013. Throughputs for the Big Sandy Terminal are included from January 1, 2014 through December 31, 2015. Prior to January 1, 2014, the Big Sandy Terminal had no throughputs, even though

it became operational during December 2013. Throughputs at the El Dorado, Arkansas terminal for the year ended December 31, 2014 are for the 324 days from February 10, 2014 through December 31, 2014. Throughputs for the Mount Pleasant, Texas terminal for the year ended December 31, 2014 are for the 92 days from October 1, 2014 through December 31, 2014, following its acquisition. Throughputs for the Memphis and Nashville, Tennessee, Tyler and Big Sandy, Texas and the North Little Rock, Arkansas terminals are for all periods presented. Barrels per day are calculated for only the days we operated each terminal.

Logistics Segment Operational Comparison of the Year Ended December 31, 2015 versus the Year Ended December 31, 2014 and the Year Ended December 31, 2014 versus the Year Ended December 31, 2013

Contribution Margin

Contribution margin for the logistics segment for the year ended December 31, 2015 was $108.5 million, or 31.9% of our consolidated contribution margin, compared to $104.6 million, or 17.1% of our consolidated contribution margin, for the year ended December 31, 2014, an increase of $3.9 million, or 3.7%. The increase in contribution margin was attributable to increased fees on our Paline Pipeline System and the effects of the throughput agreements with the

refining segment in connection with the El Dorado Offloading Racks Acquisition and the Tyler Crude Tank Acquisition. Offsetting the increases were lower margins in our operations in west Texas.
The decrease in our contribution margin in our west Texas operations was partly a result of a more challenging market, in which lower crude oil prices drove a reduction in drilling activity in west Texas, lowering demand in the region. Also contributing to the decrease in our contribution margin in west Texas was a decline in the market price for ethanol, which we use in ethanol blending in our marketing and terminalling services, relative to fixed price contracts that were in place during 2015 compared to 2014.
Contribution margin for the logistics segment for the year ended December 31, 2014 was $104.6 million, or 17.1% of our consolidated contribution margin, compared to $60.2 million, or 13.7% of our consolidated contribution margin, for the year ended December 31, 2013, an increase of $44.4 million, or 73.8%. The increase in contribution margin was attributable to increased pipeline and transportation revenues during 2014 compared to 2013, primarily due to the effect of the commercial agreements entered into between the logistics segment and the refining segment in connection with the El Dorado Acquisition in February 2014 and the Tyler Acquisition in July 2013. Further contributing to the increase in contribution margin were higher margins achieved in our west Texas operations during 2014, compared to 2013, as a result of a favorable supply/demand balance due to downtime at refineries in the region in the second quarter 2014 and steady margins despite a fall in fuel prices in the fourth quarter 2014.

Net Sales
The logistics segment generated net sales of $589.7 million and $841.3 million during the years ended December 31, 2015 and 2014, respectively, a decrease of $251.6 million, or 29.9%. The decrease was primarily attributable to decreases in the average sales prices per gallon of gasoline and diesel sold in our west Texas marketing operations. Net sales included $15.2 million and $14.4 million of net service fees in our east Texas marketing business, paid by our refining segment during 2015 and 2014, respectively. These service fees are based on the number of gallons sold and a shared portion of the margin achieved in return for providing sales and customer support services. Net sales also include crude, intermediate and refined product transportation, terminalling and storage fees paid by our refining segment. These fees were $121.6 million and $95.0 million in 2015 and 2014, respectively. The logistics segment also sold $5.8 million and $4.4 million of RINs, at market prices, to the refining segment during 2015 and 2014, respectively. These intercompany sales and fees are eliminated in consolidation.
The logistics segment generated net sales of $841.3 million and $907.4 million during the years ended December 31, 2014 and 2013, respectively, a decrease of $66.1 million, or 7.3%. The decrease was primarily attributable to decreases in sales volume in our west Texas operations due to reduced supply and to the fact that our Abilene terminal was not operational for a portion of the first quarter of 2014. Also contributing to the decrease in our net sales were decreases in the average sales prices per gallon of gasoline and diesel.
These decreases were partially offset by increases in net sales attributable to the commercial agreements between the logistics and refining segments resulting from the El Dorado Acquisition and the Tyler Acquisition. Net sales included $14.4 million and $13.6 million of net service fees in our east Texas marketing business, paid by our refining segment during 2014 and 2013, respectively. These service fees are based on the number of gallons sold and a shared portion of the margin achieved in return for providing sales and customer support services. Net sales also include crude, intermediate and refined product transportation, terminalling and storage fees paid by our refining segment. These fees were $95.0 million and $57.8 million in 2014 and 2013, respectively. The logistics segment also sold $4.4 million and $6.2 million of RINs, at market prices, to the refining segment during 2014 and 2013, respectively. These intercompany sales and fees are eliminated in consolidation.
Cost of Goods Sold
Cost of goods sold was $436.3 million for the year ended December 31, 2015, compared to $697.2 million for 2014, a decrease of $260.9 million, or 37.4%. The decrease in cost of goods sold was primarily attributable to decreases in the average cost per gallon of gasoline and diesel purchased in our west Texas marketing operations. Also contributing to the decrease in cost of goods sold were decreases in volumes in our west Texas operations. These decreases were partially offset by an increase in cost of goods sold attributable to additional costs incurred in connection with the acquisition of 123 trucks and 205 trailers from Frank Thompson Transport, Inc.
Cost of goods sold was $697.2 million for the year ended December 31, 2014, compared to $811.3 million for 2013, a decrease of $114.1 million, or 14.1%. The decrease in cost of goods sold was primarily attributable to decreases in sales volume and in the average cost per barrel sold in our west Texas marketing operations.

Operating Expenses
Operating expenses were $44.9 million for the year ended December 31, 2015 compared to $39.5 million for the comparable period of 2014, an increase of $5.4 million, or 13.7%. The increase in operating expenses was primarily due to increases in various maintenance initiatives related to our tanks and pipelines and acquisition activities that occurred in late 2014 and in 2015.
Operating expenses were $39.5 million for the year ended December 31, 2014 compared to $35.9 million for the comparable period of 2013, an increase of $3.6 million, or 10.0%. The increase in operating expenses was primarily due to increases in maintenance costs during the year ended December 31, 2014 compared to the year ended December 31, 2013.

Retail Segment

The table below sets forth certain information concerning our retail segment continuing operations:

	Year Ended December 31,		
	2015	2014	2013
Net sales	$1,490.2	1,869.3	$1,871.4
Cost of goods sold	1,288.9	1,671.5	1,691.3
Gross Margin	201.3	197.8	180.1
Operating expenses	137.6	136.8	132.5
Contribution margin	$63.7	$61.0	$47.6
Operating Information:			
Number of stores (end of period)	358	365	361
Average number of stores	359	363	368

Retail Segment Operational Comparison of the Year Ended December 31, 2015 versus the Year Ended December 31, 2014 and the Year Ended December 31, 2014 versus the Year Ended December 31, 2013

Contribution Margin

Contribution margin for the retail segment increased to $63.7 million, or 18.7% of our consolidated contribution margin, for the year ended December 31, 2015, versus $61.0 million, or 10.0% of our consolidated contribution margin, for 2014. The increase was primarily due to an increase in fuel volumes and merchandise sales in 2015, as compared to 2014, partially offset by lower fuel margins and an increase in operating expenses.

The decrease in fuel margins was primarily attributable to unusually high margins in the fourth quarter of 2014 driven by a sharp decline in crude oil prices.

Contribution margin for the retail segment increased to $61.0 million, or 10.0% of our consolidated contribution margin, for the year ended December 31, 2014, versus $47.6 million, or 10.9% of our consolidated contribution margin, for 2013. The increase was primarily due to an increase in fuel margins and volumes in 2014, as compared to 2013, partially offset by an increase in operating expenses.

The increase in fuel margins was primarily attributable to increased flexibility to supply fuel to our stores from the rack or directly from Gulf Coast sources, as well as favorable biofuel blending economics during 2014.

Net Sales

Net sales for our retail segment for the year ended December 31, 2015 decreased 20.3% to $1,490.2 million from $1,869.3 million for 2014. This decrease was primarily due to a 30.9% decrease in the retail fuel price per gallon. The decrease in the retail fuel sales price was partially offset by an increase in retail fuel volumes and an increase in merchandise sales.

Retail fuel sales were 457.4 million gallons for the year ended December 31, 2015, compared to 436.9 million gallons for 2014.

Same store retail fuel sales increased 2.3% for 2015, as compared to 2014. Total fuel sales, including wholesale dollars, decreased 27.1% to $1,070.5 million in 2015. These decreases were primarily due to the decrease in the average price per gallon sold, partially offset by the increase in total gallons sold, as noted above.

Merchandise sales increased 4.6% to $419.7 million in the year ended December 31, 2015, compared to $401.4 million in 2014. The increase in merchandise sales was primarily due to an increase in cigarette and other tobacco, dairy, food service and snack categories, partially offset by a decline in the soft drink category. Same store merchandise sales increased 3.8% for 2015, as compared to 2014. This increase was primarily in the cigarette and other tobacco and dairy categories.

Net sales for our retail segment for the year ended December 31, 2014 decreased 0.1% to $1,869.3 million from $1,871.4 million for 2013. This decrease was primarily due to a 5.4% decrease in the retail fuel price per gallon. The decrease in the retail fuel sales price was partially offset by an increase in retail fuel volumes and an increase in merchandise sales.

Retail fuel sales were 436.9 million gallons for the year ended December 31, 2014, compared to 409.1 million gallons for 2013. Same store retail fuel sales increased 0.1% for 2014, as compared to 2013. Total fuel sales, including wholesale dollars, decreased 1.5% to $1,467.9 million in 2014. These decreases were primarily due to the decrease in the average price per gallon sold, partially offset by the increase in total gallons sold, as noted above.

Merchandise sales increased 5.2% to $401.4 million in the year ended December 31, 2014, compared to $381.7 million in 2013. The increase in merchandise sales was primarily due to an increase in cigarette and other tobacco, dairy, food service and cold dispenser beverage categories, partially offset by declines in the general merchandise and lottery categories. Same store merchandise sales increased 3.4% for 2014, as compared to 2013. This increase was primarily in the cigarette and other tobacco and dairy categories.

Cost of Goods Sold

Cost of goods sold for our retail segment decreased 22.9% to $1,288.9 million in the year ended December 31, 2015, compared to $1,671.5 million for 2014. This decrease was primarily due to a 32.6% decrease in the average cost per gallon, which was partially offset by an increase in fuel volumes.

Cost of goods sold for our retail segment decreased 1.2% to $1,671.5 million in the year ended December 31, 2014, compared to $1,691.3 million for 2013. This decrease was primarily due to the decrease in the average cost per gallon of 6.3%, which was partially offset by an increase in fuel volumes.

Operating Expenses

Operating expenses increased 0.6% to $137.6 million in the year ended December 31, 2015, compared to $136.8 million in 2014. Operating expenses increased primarily due to an increase in workers' compensation insurance expenses in 2015, compared to the same period in 2014. This increase was almost fully offset by a decrease in credit card expenses in 2015, compared to the same period in 2014.

Operating expenses increased 3.2% to $136.8 million in the year ended December 31, 2014, compared to $132.5 million in 2013. Operating expenses increased primarily due to an increase in salaries, maintenance and credit expenses in 2014, compared to the same period in 2013, resulting from our continued shift to large-format stores.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from our operating activities and borrowings under our various credit facilities. We believe that our cash flows from operations and borrowings under or refinancing of our current credit facilities will be sufficient to satisfy the anticipated cash requirements associated with our existing operations, including capital expenditures, for at least the next 12 months.

We believe that the expected cash flows from our operations will be sufficient to satisfy cash requirements related to our various financing arrangements for at least the next 12 months.

Cash Flows

The following table sets forth a summary of our consolidated cash flows (in millions):

	Year Ended December 31,		
	2015	2014	2013
Cash Flow Data:			
Operating activities	$180.0	$329.8	$90.5
Investing activities	(460.4)	(302.3)	(232.2)
Financing activities	138.5	16.6	(60.0)
Net (decrease) increase	$(141.9)	$44.1	$(201.7)

Cash Flows from Operating Activities

Net cash provided by operating activities was $180.0 million for the year ended December 31, 2015, compared to $329.8 million for 2014. The decrease in cash flows from operations in 2015 compared to 2014 was primarily due to the decrease in net income attributable to Delek for 2015, which was $19.4 million, compared to $198.6 million in 2014. Further contributing to the decrease was an increase in accounts receivable and a sharp decline in inventory and other current assets in 2014. Inventory and other current assets declined less significantly in 2015, primarily resulting from a further decline in crude oil and finished product prices in 2015, as well as the processing of surplus crude inventory at both the Tyler and El Dorado refineries. These were partially offset by a decline in the market values of our derivative contracts and sharp declines in in accounts payable and the obligation under our supply and offtake agreement in 2014 that did not decline as significantly in 2015.

Net cash provided by operating activities was $329.8 million for the year ended December 31, 2014, compared to $90.5 million for 2013. The increase in cash flows from operations in 2014 compared to 2013 was primarily due to the increase in net income attributable to Delek for 2014, which was $198.6 million, compared to $117.7 million in 2013, and decreases in inventory and other current assets and accounts receivable, primarily resulting from the sharp decline in crude oil and finished product prices in the fourth quarter of 2014. These were partially offset by decreases in accounts payable and the obligation under our supply and offtake agreement, also due to the decline in prices.

Cash Flows from Investing Activities

Net cash used in investing activities was $460.4 million for the year ended December 31, 2015, compared to $302.3 million in 2014. This increase was primarily due to equity method investments of $240.9 million in 2015. We did not make any equity method investments in 2014. The increase was partially offset by a decrease in our capital expenditures in 2015, as compared to 2014.

Cash used in investing activities for the year ended December 31, 2015 included the cash portion of our capital expenditures of approximately $214.1 million. Total capital expenditures for 2015 were $218.6 million, of which $164.5 million was spent on projects in the refining segment, $18.3 million was spent in the retail segment, $18.6 million was spent in our logistics segment and $17.2 million was spent at the holding company level.

Net cash used in investing activities was $302.3 million for the year ended December 31, 2014, compared to $232.2 million in 2013. This increase was primarily due to an increase in our capital expenditures for 2014, as compared to 2013.

Cash used in investing activities for the year ended December 31, 2014 included the cash portion of our capital expenditures of approximately $269.8 million. Total capital expenditures for 2014 were $256.9 million, of which $199.1 million was spent on projects in the refining segment, $26.2 million was spent in the retail segment, $9.2 million was spent in our logistics segment and $22.4 million was spent at the holding company level.

Cash Flows from Financing Activities

Net cash provided by financing activities was $138.5 million for the year ended December 31, 2015, compared to $16.6 million for 2014. The increase in cash provided by financing activities for 2015 primarily consisted of net borrowings under our revolving credit facilities of $142.1 million in 2015, compared to $102.5 million in 2014 and net borrowings under our term loans of $102.7 million, compared to $77.2 million in 2014. Further contributing to the increase in cash provided by financing activities was a decrease in stock repurchases, to $42.2 million in 2015, compared to $74.7 million in 2014 and a decrease in dividends paid to $37.1 million in 2015, compared to $59.2 million in 2014.

Net cash provided by financing activities was $16.6 million for the year ended December 31, 2014, compared to cash used of $60.0 million for 2013. The increase in cash provided by financing activities for 2014 primarily consisted of net borrowings under our revolving credit facilities of $102.5 million in 2014, compared to $71.3 million in 2013 and net borrowings under our term loans of $77.2 million, compared to net repayments of $23.2 million in 2013. The cash provided by these activities was partially offset by an increase in stock repurchases, to $74.7 million in 2014, compared to $37.9 million in 2013.

Cash Position and Indebtedness

As of December 31, 2015, our total cash and cash equivalents were $302.2 million and we had total indebtedness of approximately $975.7 million. Borrowing availability under our four separate revolving credit facilities was approximately $474.8 million and we had letters of credit issued of $98.4 million. We believe we were in compliance with our covenants in all debt facilities as of December 31, 2015.

See Note 11 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for a complete discussion of our third-party indebtedness.

Capital Spending

A key component of our long-term strategy is our capital expenditure program. Our capital expenditures for the year ended December 31, 2015 were $218.6 million, of which approximately $164.5 million was spent in our refining segment, $18.3 million in our retail segment, $18.6 million in our logistics segment and $17.2 million at the holding company level. Our capital expenditure budget is approximately $89.0 million for 2016. The following table summarizes our actual and planned capital expenditures by operating segment and major category (in millions):

	Year Ended December 31,	
	2016 Forecast	2015 Actual
Refining:		
Sustaining maintenance, including turnaround activities	$20.3	$69.9
Regulatory	4.7	22.0
Discretionary projects	16.2	72.6
Refining segment total	41.2	164.5
Logistics:		
Regulatory	1.9	1.4
Maintenance projects	11.5	9.7
Discretionary projects	4.7	7.5
Logistics segment total	18.1	18.6
Retail:		
Sustaining maintenance	8.7	8.3
Growth/profit improvements	5.0	2.9
Retrofit/rebrand/re-image	2.5	2.1
Raze and rebuild/new/land(1)	1.3	5.0
Retail segment total	17.5	18.3
Corporate & Other		
Growth/profit improvements	9.8	7.9
New builds(1)	2.4	9.3
Other total	12.2	17.2
Total capital spending	$89.0	$218.6

(1) Retail amounts exclude land and building costs on new store construction, which are included at the corporate level.

For the full year 2016, we plan to spend approximately $17.5 million in the retail segment, including $2.5 million to upgrade facilities and enhance our food offerings at existing stores. We spent $2.1 million on these projects in 2015. In addition, we plan to spend $5.0 million on other profit and growth improvements in existing stores in 2016.

We expect to spend approximately $4.7 million on regulatory projects in the refining segment in 2016. We spent $22.0 million on regulatory projects in 2015. In addition, we plan to spend approximately $20.3 million on maintenance projects and approximately $16.2 million for other discretionary projects in 2016. In 2016, we plan to spend $11.5 million on maintenance projects in

the logistics segment, $4.7 million on discretionary projects and $1.9 million on regulatory projects.

The amount of our capital expenditure budget is subject to change due to unanticipated increases in the cost, scope and completion time for our capital projects. For further information, please refer to our discussion in Item 1A, Risk Factors, of this Annual Report on Form 10-K.

Contractual Obligations and Commitments

Information regarding our known contractual obligations of the types described below as of December 31, 2015, is set forth in the following table (in millions):

	Payments Due by Period				
	<1 Year	1-3 Years	3-5 Years	>5 Years	Total
Long term debt, notes payable and capital lease obligations	$96.5	$117.7	$701.5	$65.4	$981.1
Interest(1)	38.9	64.7	31.5	25.5	160.6
Operating lease commitments(2)	27.4	45.9	22.7	61.5	157.5
Purchase commitments(3)	279.3	—	—	—	279.3
Transportation agreements(4)	56.6	121.0	115.0	38.1	330.7
Total	$498.7	$349.3	$870.7	$190.5	$1,909.2

(1) Expected interest payments on debt outstanding under credit facilities in place at December 31, 2015. Floating interest rate debt is calculated using December 31, 2015 rates.

(2) Amounts reflect future estimated lease payments under operating leases having remaining non-cancelable terms in excess of one year as of December 31, 2015.

(3) We have supply agreements to secure certain quantities of crude oil, finished product and other resources used in production at both fixed and market prices. We have estimated future payments under the market based agreements using current market rates.

(4) Balances consist of contractual obligations under agreements with third parties (not including Delek Logistics) for the transportation of crude oil to our refineries.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements through the date of this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

The fundamental objective of financial reporting is to provide useful information that allows a reader to comprehend our business activities. We prepare our consolidated financial statements in conformity with GAAP, and in the process of applying these principles, we must make judgments, assumptions and estimates based on the best available information at the time. To aid a reader's understanding, management has identified our critical accounting policies. These policies are considered critical because they are both most important to the portrayal of our financial condition and results, and require our most difficult, subjective or complex judgments. Often they require judgments and estimation about matters which are inherently uncertain and involve measuring at a specific point in time, events which are continuous in nature. Actual results may differ based on the accuracy of the information utilized and subsequent events, some over which we may have little or no control.

LIFO Inventory

The Tyler refinery's inventory consists of crude oil, refined petroleum products and blendstocks which are stated at the lower of cost or market. Cost is determined under the last-in, first-out LIFO valuation method. The LIFO method requires management to make estimates on an interim basis of the anticipated year-end inventory quantities, which could differ from actual quantities.

We believe the accounting estimate related to the establishment of anticipated year-end LIFO inventory is a critical accounting estimate because it requires management to make assumptions about future production rates in the Tyler refinery, the future buying patterns of our customers, as well as numerous other factors beyond our control including the economic viability of the general economy, weather conditions, the availability of imports, the marketing of competitive fuels and government regulation. The impact of changes in actual performance versus these estimates could be material to the inventories reported on our quarterly balance sheets, and the results reported in our quarterly statements of income could be material. In selecting assumed inventory levels, we use historical trending of production and sales, recognition of current market indicators of future pricing and value, and new regulatory requirements which might impact inventory levels. Management's assumptions require significant judgment because actual year-end inventory levels have fluctuated in the past and may continue to do so.

At each year-end, actual physical inventory levels are used to calculate both ending inventory balances and final cost of goods sold for the year.

Property, Plant and Equipment and Definite Life Intangibles Impairment
Property, plant and equipment and definite life intangibles are evaluated for impairment whenever indicators of impairment exist. Accounting standards require that if an impairment indicator is present, we must assess whether the carrying amount of the asset is unrecoverable by estimating the sum of the future cash flows expected to result from the asset, undiscounted and without interest charges. We derive the required undiscounted cash flow estimates from our historical experience and our internal business plans. We use quoted market prices when available and our internal cash flow estimates discounted at an appropriate interest rate to determine fair value, as appropriate. If the carrying amount is more than the recoverable amount, an impairment charge must be recognized based on the fair value of the asset. We recognized an impairment charge of $2.2 million in 2015 related to the write-down of certain idle refining equipment in our refining segment to net realizable value. This impairment charge is included in other operating income in our consolidated statement of income for the period.

Goodwill and Potential Impairment
Goodwill is reviewed at least annually for impairment or more frequently if indicators of impairment exist. Goodwill is tested by comparing net book value of the operating segments to the estimated fair value of the reporting unit. In assessing the recoverability of goodwill, assumptions are made with respect to future business conditions and estimated expected future cash flows to determine the fair value of a reporting unit. We use a market participant weighted average cost of capital, estimated minimal growth rates for revenue, gross profit, and capital expenditures based on history and our best estimate of future forecasts. We also estimated the fair values of the reporting units using a multiple of expected future cash flows such as those used by third party analysts. If these estimates and assumptions change in the future due to such factors as a decline in general economic conditions, competitive pressures on sales and margins, and other economic and industry factors beyond management's control, an impairment charge may be required. Our annual assessment of goodwill did not result in impairment during the years ended December 31, 2015, 2014 or 2013. Details of remaining goodwill balances by segment are included in Note 9 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

Environmental Liabilities
It is our policy to accrue environmental and clean-up related costs of a non-capital nature when it is both probable that a liability has been incurred and the amount can be reasonably estimated. Environmental liabilities represent the current estimated costs to investigate and remediate contamination at our properties. This estimate is based on internal and third-party assessments of the extent of the contamination, the selected remediation technology and review of applicable environmental regulations. Accruals for estimated costs from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study, and include, but are not limited to, costs to perform remedial actions and costs of machinery and equipment that is dedicated to the remedial actions and that does not have an alternative use. Such accruals are adjusted as further information develops or circumstances change. We discount environmental liabilities to their present value if payments are fixed and determinable. Expenditures for equipment necessary for environmental issues relating to ongoing operations are capitalized. Changes in laws and regulations, the financial condition of state trust funds associated with environmental remediation and actual remediation expenses compared to historical experience could significantly impact our results of operations and financial position. We believe the estimates selected, in each instance, represent our best estimate of future outcomes, but the actual outcomes could differ from the estimates selected.

New Accounting Pronouncements
See Note 2 to the consolidated financial statements in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K for a discussion of new accounting pronouncements applicable to us.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Changes in commodity prices (mainly crude oil and unleaded gasoline) and interest rates are our primary sources of market risk. When we make the decision to manage our market exposure, our objective is generally to avoid losses from adverse price changes, realizing we will not obtain the gains of beneficial price changes.
Commodity Price Risk

Impact of Changing Prices. Our revenues and cash flows, as well as estimates of future cash flows, are sensitive to changes in energy prices. Major shifts in the cost of crude oil, the prices of refined products and the cost of ethanol can generate large changes in the operating margin in each of our segments.

We maintain, at both company-owned and third-party facilities, inventories of crude oil, feedstocks and refined petroleum products, the values of which are subject to wide fluctuations in market prices driven by world economic conditions, regional and global inventory levels and seasonal conditions. At December 31, 2015 and 2014, we held approximately 1.8 million and 2.4 million barrels, respectively, of crude and product inventories associated with the Tyler refinery valued under the LIFO valuation method with an average cost of $43.91 and $57.17 per barrel, respectively. At December 31, 2015 and 2014, the excess of replacement cost (FIFO) over the carrying value (LIFO) of refinery inventories was $0.1 million and $0.3 million, respectively. We refer to this excess as our LIFO reserve. At December 31, 2015 and 2014, we held approximately 3.7 million and 3.9 million barrels, respectively, of crude and product inventories associated with the El Dorado refinery valued under the FIFO valuation method with an average cost of $44.65 and $66.37 per barrel, respectively. Due to a lower crude oil and refined product pricing environment experienced since the end of 2014, market prices have declined to a level below the average cost of our inventories. At December 31, 2015, we recorded a pre-tax lower of cost or market reserve of $50.9 million, of which $49.8 million related to LIFO inventory, which is subject to reversal in subsequent periods, not to exceed LIFO cost, should market prices recover. At December 31, 2014, we recorded a pre-tax lower of cost or market reserve of $69.8 million, of which $55.3 million related to LIFO inventory, which reversed in the first quarter of 2015, as the inventories associated with the valuation adjustment at the end of 2014 were sold or used. For the years ended December 31, 2015, 2014 and 2013, we recognized lower of cost or market gains (charges) of $4.3 million, $(69.6) million and $(0.2) million, respectively, which were recorded as a component of cost of goods sold in the consolidated statements of income.

Price Risk Management Activities. At times, we enter into commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil and ethanol, future sales of refined products or to fix margins on future production. In accordance with ASC 815, Derivatives and Hedging ("ASC 815"), all of these commodity contracts are recorded at fair value, and any change in fair value between periods has historically been recorded in the profit and loss section of our consolidated financial statements, unless, at inception, the company elects to designate the contracts as cash flow hedges under ASC 815. Gains or losses on commodity derivative contracts accounted for as cash flow hedges are recognized in other comprehensive income on the consolidated balance sheets and ultimately, when the forecasted transactions are completed in net sales or cost of goods sold in the consolidated statements of income.

The following table sets forth information relating to our open commodity derivative contracts as of December 31, 2015 ($ in millions).

	Total Outstanding		Notional Contract Volume (barrels) by Year of Maturity		
Contract Description	Market Value	Notional Contract Volume (barrels)	2016	2017	2018
Contracts not designated as hedging instruments:					
Crude oil price swaps - long	$42.4	428,500	428,500	—	—
Crude oil price swaps - short	(15.9)	1,014,250	1,014,250	—	—
Inventory, refined product and crack spread swaps - long	1.3	321,000	321,000	—	—
Inventory, refined product and crack spread swaps - short	0.6	1,325,000	1,325,000	—	—
Total	$28.4	3,088,750	3,088,750	—	—
Contracts designated as cash flow hedging instruments:					
Crude oil price swaps - long	$(83.1)	2,694,400	878,400	1,816,000	—
Inventory, refined product and crack spread swaps - long	2.3	630,000	630,000	—	—
Inventory, refined product and crack spread swaps - short	—	—	—	—	—
Total	$(80.8)	3,324,400	1,508,400	1,816,000	—

Interest Rate Risk

We have market exposure to changes in interest rates relating to our outstanding floating rate borrowings, which totaled approximately $772.0 million as of December 31, 2015. The annualized impact of a hypothetical one percent change in interest rates on our floating rate debt outstanding as of December 31, 2015 would be to change interest expense by approximately $7.7 million.

We help manage this risk through interest rate swap and cap agreements that modify the interest characteristics of our outstanding long-term debt. In accordance with ASC 815, all interest rate hedging instruments are recorded at fair value and any changes in the fair value between periods are recognized in earnings. The fair values of our interest rate swaps and cap agreements are obtained from dealer quotes. These values represent the estimated amount that we would receive or pay to terminate the agreements taking into account the difference between the contract rate of interest and rates currently quoted for agreements, of similar terms and maturities. We expect that any interest rate derivatives held would reduce our exposure to short-term interest rate movements. As of December 31, 2015 and 2014, we had floating-to-fixed interest rate derivative agreements in place for notional amounts of $45.0 million and $205.0 million, respectively. The estimated fair value of our interest rate derivative liability was zero and $0.9 million as of December 31, 2015 and 2014, respectively. In accordance with ASC 815, we recorded an expense representing cash settlements and changes in estimated fair value of the interest rate derivative agreements of $0.2 million, $0.4 million and $0.4 million for the years ended December 31, 2015, 2014 and 2013, respectively. These amounts are included in interest expense in the accompanying consolidated statements of income.

While we have not elected to apply permitted hedge accounting treatment for these interest rate derivatives in accordance with the provisions of ASC 815 in the past, we may choose to elect that treatment in future transactions.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by Item 8 is incorporated by reference to the section beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e)) under the Securities Exchange Act of 1934, as amended ("Exchange Act") that are designed to provide reasonable assurance that the information that we are required to disclose in the 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 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. It should be noted that, because of inherent limitations, our disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

As required by paragraph (b) of Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and our Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded, as of the end of the period covered by this report, that our disclosure controls and procedures were effective at a reasonable assurance level to ensure that the information that we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and 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.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process that is designed under the supervision of our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:

i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures recorded by us are being made only in accordance with authorizations of our management and Board of Directors; and
iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management has conducted its evaluation of the effectiveness of internal control over financial reporting as of December 31, 2015, based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of our internal control over financial reporting and testing the operational effectiveness of our internal control over financial reporting. Management reviewed the results of the assessment with the Audit Committee of the Board of Directors. Based on its assessment and review with the Audit Committee, management concluded that, at December 31, 2015, we maintained effective internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Ernst & Young LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2015, as stated in their report, which is included in the section beginning on page F-1.

The information required by Item 8 is incorporated by reference to the section beginning on page F-1.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the fourth quarter of fiscal 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

From time to time, we make changes to our internal control over financial reporting that are intended to enhance its effectiveness and which do not have a material effect on our overall internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Dividend Declaration
On February 25, 2016, Delek's Board of Directors voted to declare a quarterly cash dividend of $0.15 per share, payable on March 29, 2016, to stockholders of record on March 15, 2016.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our Board Governance Guidelines, our charters for our Audit, Compensation, Nominating and Corporate Governance and Environmental, Health and Safety Committees and our Code of Business Conduct & Ethics covering all employees, including our principal executive officer, principal financial officer, principal accounting officer and controllers, are available on our website, www.DelekUS.com, under the "About Us - Corporate Governance" caption. A copy of any of these documents will be mailed upon request made to Investor Relations, Delek US Holdings, Inc. or ir@delekus.com. We intend to disclose any amendments to or waivers of the Code of Business Conduct & Ethics on behalf of our Chief Executive Officer, Chief Financial Officer and persons performing similar functions on our website, at www.DelekUS.com, under the "Investor Relations" caption, promptly following the date of any such amendment or waiver.

The information required by Item 401 of Regulation S-K regarding directors will be included under "Election of Directors" in the definitive Proxy Statement for our Annual Meeting of Stockholders to be held May 5, 2015 (the "Definitive Proxy Statement"), and is incorporated herein by reference. The information required by Item 401 of Regulation S-K regarding executive officers will be included under "Corporate Governance" in the Definitive Proxy Statement and is incorporated herein by reference. The information required by Item 405 of Regulation S-K will be included under "Section 16(a) Beneficial Ownership Reporting Compliance" in the Definitive Proxy Statement and is incorporated herein by reference. The information required by Items 406, 407(c)(3), (d)(4), and (d)(5) of Regulation S-K will be included under "Corporate Governance" in the Definitive Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 and paragraphs (e)(4) and (e)(5) of Item 407 of Regulation S-K will be included under "Executive Compensation" and "Corporate Governance" in the Definitive Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 201(d) and Item 403 of Regulation S-K will be included under "Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" in the Definitive Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Item 404 of Regulation S-K will be included under "Certain Relationships and Related Transactions" in the Definitive Proxy Statement and is incorporated herein by reference.

The information required by Item 407(a) of Regulation S-K will be included under "Election of Directors" and "Corporate Governance" in the Definitive Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Set forth below are the fees paid for the services of Ernst & Young LLP:

	December 31,	
	2015	2014
Audit Fees (1)	$2,478,127	$2,010,205
Audit-related fees (2)	91,263	204,862
Tax fees (3)	304,030	124,340
Total	$2,873,420	$2,339,407

(1) Audit fees consisted of services rendered to us or certain of our subsidiaries. Such audit services include audits of our consolidated financial statements and internal control over financial reporting, reviews of our quarterly financial statements, and audit services provided in connection with our regulatory filings. Fees and expenses are for services in connection with the audit of our fiscal years ended December 31, 2015 and December 31, 2014 regardless of when the fees and expenses were paid.

(2) Fees for audit-related matters billed in 2015 and 2014 consisted of agreed upon procedures for us and our subsidiaries, procedures related to regulatory filings of our former majority shareholder and other shareholders, access to accounting research materials, and consultations of various accounting and reporting areas.

(3) Fees for tax services billed in 2015 and 2014 consisted primarily of consultation on various tax matters related to us and our subsidiaries and certain tax compliance related activities.

The Audit Committee has considered and determined that the provision of non-audit services by our independent registered public accounting firm is compatible with maintaining auditor independence.

Pre-Approval Policies and Procedures. In general, all engagements performed by our independent registered public accounting firm, whether for auditing or non-auditing services, must be pre-approved by the Audit Committee. During 2015, all of the services performed for us by Ernst & Young LLP were pre-approved by the Audit Committee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Certain Documents Filed as Part of this Annual Report on Form 10-K:

1. Financial Statements. The accompanying Index to Financial Statements and Schedule on page F-1 of this Annual Report on Form 10-K is provided in response to this item.
2. List of Financial Statement Schedules:
Schedule I - Condensed financial information of Registrant as of December 31, 2015, 2014 and 2013
3. Exhibits - See below.

EXHIBIT INDEX

Exhibit No.		Description
2.1	^	Stock Purchase Agreement, dated March 17, 2011, by and among Ergon, Inc., Lion Oil Company and Delek US Holdings, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed on May 4, 2011).
2.2	^	First Amendment, dated April 29, 2011, to Stock Purchase Agreement, dated March 17, 2011, by and among Ergon, Inc., Lion Oil Company and Delek US Holdings, Inc. (incorporated by reference to Exhibit 2.2 to the Company's Form 8-K filed on May 4, 2011).
2.3		Stock Purchase Agreement between Alon Israel Oil Company, LTD, and Delek US Holdings, Inc., dated April 14, 2015 (incorporated by reference to Exhibit 99.3 to the Schedule 13D filed by the Company on May 26, 2015).
3.1		Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q filed on August 8, 2013).
3.2		Third Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q filed on August 7, 2014).
4.1		Specimen common stock certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1/A, filed on April 20, 2006, SEC File No. 333-131675).
10.1	*	Employment Agreement, dated November 1, 2013, by and between Delek US Holdings, Inc. and Ezra Uzi Yemin (incorporated by reference to Exhibit 10.1 to the Company's Form 10-K filed on March 3, 2014).
10.1(a)	*	Subscription Agreement, dated March 10, 2013, between Delek Logistics GP, LLC and Ezra Uzi Yemin (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on May 9, 2013).
10.1(b)	*	Subscription Agreement, dated December 10, 2013, between Delek Logistics GP, LLC and Ezra Uzi Yemin (incorporated by reference to Exhibit 10.1(b) to the Company's Form 10-K filed on March 3, 2014).
10.2	*	Employment Agreement, dated August 7, 2012, by and between Delek US Holdings, Inc. and Donald N. Holmes (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on November 8, 2012).
10.3	*	Form of Indemnification Agreement for Directors and Officers (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1/A, filed on April 20, 2006, SEC File No. 333-131675).
10.4	*	Delek US Holdings, Inc. 2006 Long-Term Incentive Plan (as amended through May 4, 2010) (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 7, 2010).
10.4(a)	*	Form of Delek US Holdings, Inc. 2006 Long-Term Incentive Plan Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.13(a) to the Company's Registration Statement on Form S-1/A, filed on April 20, 2006, SEC File No. 333-131675).
10.4(b)	*	Director Form of Delek US Holdings, Inc. 2006 Long-Term Incentive Plan Stock Option Agreement (incorporated by reference to Exhibit 10.13(b) to the Company's Registration Statement on Form S-1/A, filed on April 20, 2006, SEC File No. 333-131675).
10.4(c)	*	Officer Form of Delek US Holdings, Inc. 2006 Long-Term Incentive Plan Stock Option Agreement (incorporated by reference to Exhibit 10.13(c) to the Company's Registration Statement on Form S-1/A, filed on April 20, 2006, SEC File No. 333-131675).
10.4(d)	*	Director Form of Delek US Holdings, Inc. 2006 Long-Term Incentive Plan Stock Appreciation Rights Agreement (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q filed on August 6, 2010).
10.4(e)	*	Employee Form of Delek US Holdings, Inc. 2006 Long-Term Incentive Plan Stock Appreciation Rights Agreement (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on

		August 6, 2010).
10.4(f)	*	Form of Delek US Holdings, Inc. 2006 Long-Term Incentive Plan Performance Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on August 7, 2014).
10.5		Tyler Throughput and Tankage Agreement, dated July 26, 2013, between Delek Refining, Ltd. and Delek Marketing & Supply, LP (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 1, 2013).
10.6		Pipelines and Tankage Agreement, dated November 7, 2012, by and between Delek Refining, Ltd. and Delek Crude Logistics, LLC (incorporated by reference to Exhibit 10.4 to the Company's Form 8-K filed on November 14, 2012).
10.7		Pipelines and Storage Facilities Agreement, dated November 7, 2012, by and among Lion Oil Company, Delek Logistics Partners, LP, SALA Gathering Systems, LLC, El Dorado Pipeline Company, LLC, Magnolia Pipeline Company, LLC and J. Aron & Company (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K filed on November 14, 2012).
10.8	*	Employment Agreement, dated July 1, 2011, by and between Delek US Holdings, Inc. and Assaf Ginzburg (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on November 9, 2011).
10.8(a)	*	Subscription Agreement, dated March 10, 2013, between Delek Logistics GP, LLC and Assaf Ginzburg (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed on May 9, 2013).
10.8(b)	*	Employment Agreement, dated July 1, 2015, between Delek US Holdings, Inc. and Assaf Ginzburg (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on August 5, 2015).

10.9	*	Employment Agreement, dated as of November 1, 2011, by and between Delek US Holdings, Inc. and Frederec Green (incorporated by reference to Exhibit 10.14 to the Company's Form 10-K filed on March 14, 2012).
10.9(a)	*	Subscription Agreement, dated March 10, 2013, between Delek Logistics GP, LLC and Frederec Green (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed on May 9, 2013).
10.10	*	Employment Agreement, dated November 1, 2011, by and between Delek US Holdings, Inc. and Harry P. (Pete) Daily (incorporated by reference to Exhibit 10.17 to the Company's Form 10-K filed on March 14, 2012).
10.11	*	Employment Agreement, dated November 1, 2011, by and between Delek US Holdings, Inc. and Kent B. Thomas (incorporated by reference to Exhibit 10.18 to the Company's Form 10-K filed on March 14, 2012).
10.12	‡	Amended and Restated Master Supply and Offtake Agreement, dated December 23, 2013, by and among J. Aron & Company, Lion Oil Company, and Lion Oil Trading & Transportation, LLC (incorporated by reference to Exhibit 10.18 to the Company's Form 10-K/A filed on June 26, 2014).
10.13		Amended and restated asset-backed revolving credit agreement dated January 16, 2014 by and between Delek Refining, Ltd. as borrower and a consortium of lenders including Wells Fargo Bank, National Association as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 8, 2014).
10.14		El Dorado Throughput and Tankage Agreement, executed as of February 10, 2014, between Lion Oil Company and Delek Logistics Operating LLC, and, for limited purposes, J. Aron & Company (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on February 14, 2014).
10.15		Second Amended and Restated Omnibus Agreement, dated as of February 10, 2014, among Delek US Holdings, Inc., Lion Oil Company, Delek Marketing & Supply, LP, Delek Refining, Ltd., Delek Logistics Partners, LP, Paline Pipeline Company, LLC, SALA Gathering Systems, LLC, Magnolia Pipeline Company, LLC, El Dorado Pipeline Company, LLC, Delek Crude Logistics, LLC, Delek Marketing-Big Sandy, LLC, Delek Logistics Operating, LLC and Delek Logistics GP, LLC (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on February 14, 2014).
10.16		Third Amended and Restated Credit Agreement, dated May 6, 2014, between MAPCO Express, Inc. as borrower, Fifth Third Bank as arranger and administrative agent and a lender, Bank of America, N.A., as co-syndication Agent and a lender, BMO Capital Markets, as joint lead arranger and co-syndication agent, Regions Business Capital, as co-syndication agent and the lenders from time to time parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on August 7, 2014).
10.17	*	Employment Agreement, dated May 1, 2015, between Delek US Holdings, Inc. and Mark D. Smith (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed on August 5, 2015).
10.18		Employment Agreement, dated November 6, 2012, by and between Delek US Holdings, Inc. and Dan L. Gordon (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on November 6, 2014).
10.19		Second Amended and Restated Credit Agreement, dated as of December 30, 2014, among Delek Logistics Partners, LP and each other borrower referenced therein, as borrowers, Fifth Third Bank, as administrative agent, and a syndicate of lenders (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on January 6, 2015).
10.20		Third Amended and Restated Omnibus Agreement, dated as of March 31, 2015, among Delek US Holdings, Inc., Lion Oil Company, Delek Logistics Operating, LLC, Delek Marketing & Supply, LP, Delek Refining, Ltd., Delek Logistics Partners, LP, Paline Pipeline Company, LLC, SALA Gathering Systems, LLC, Magnolia Pipeline Company, LLC, El Dorado Pipeline Company, LLC,

		Delek Crude Logistics, LLC, Delek Marketing-Big Sandy, LLC, DKL Transportation, LLC and Delek Logistics GP, LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on May 7, 2015).
10.21		First Amendment to Third Amended and Restated Credit Agreement, dated March 27, 2015, between MAPCO Express, Inc. as borrower, Fifth Third Bank as joint lead arranger, sole book runner and administrative agent and a lender, Bank of America, N.A., as co-syndication Agent and a lender, BMO Capital Markets, as joint lead arranger and co-syndication agent, Regions Business Capital, as joint lead arranger and co-syndication agent and the lenders from time to time parties thereto (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed on May 7, 2015).
10.22		Second Amended and Restated Financing Agreement, dated May 14, 2015, among Lion Oil Company as borrower, certain subsidiaries of Lion Oil Company named therein as guarantors, the various institutions from time to time party to this Agreement, as Lenders, Fifth Third Bank as Administrative Agent and Lead Collateral Agent and Bank Hapoalim B.M., as Designated Account Collateral Agent (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on May 20, 2015).
10.23		Amended and Restated Stockholder Agreement between Delek US Holdings, Inc. and Alon USA Energy, Inc. dated April 14, 2015 (incorporated by reference to Exhibit 99.2 to the Company's Schedule 13D filed on May 26, 2015).
10.24		First Amendment to Third Amended and Restated Omnibus Agreement, dated as of August 3, 2015, by and among Delek US Holdings, Inc., Lion Oil Company, Delek Logistics Operating, LLC, Delek Marketing & Supply, LP, Delek Refining, Ltd., Delek Logistics Partners, LP, Paline Pipeline Company, LLC, SALA Gathering Systems, LLC, Magnolia Pipeline Company, LLC, El Dorado Pipeline Company, LLC, Delek Crude Logistics, LLC, Delek Marketing-Big Sandy, LLC, DKL Transportation, LLC and Delek Logistics GP, LLC. (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q filed on August 5, 2015).
10.25	*	Employment Agreement, effective August 3, 2015, between Delek US Holdings, Inc. and Anthony L. Miller (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed on November 6, 2015).

10.26	*	Employment Agreement, effective August 3, 2015, between Delek US Holdings, Inc. and Avigal Soreq (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed November 6, 2015).
21.1	§	Subsidiaries of the Registrant
23.1	§	Consent of Ernst & Young LLP
23.2	§	Consent of KPMG LLP
24.1	§	Power of Attorney
31.1	§	Certification of the Company's Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act.
31.2	§	Certification of the Company's Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act.
32.1	§	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	§	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	§	Audited financial statements of Alon Energy USA, Inc. as of December 31, 2015 and 2014, and for each of the years ended December 31, 2015, 2014 and 2013.
101		The following materials from Delek US Holdings, Inc.’s Annual Report on Form 10-K for the annual period ended December 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2015 and 2014, (ii) Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013, (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013, (iv) Consolidated Statements of Changes in Stockholders’ Equity for the years ended December 31, 2015, 2014 and 2013, (v) Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013 and (vi) Notes to Consolidated Financial Statements.

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* Management contract or compensatory plan or arrangement.

§ Filed herewith.

^ Certain schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to supplementally furnish a copy of any of the omitted schedules to the United States Securities and Exchange Commission upon request.

‡ Confidential treatment has been requested and granted with respect to certain portions of this exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended. Omitted portions have been filed separately with the United States Securities and Exchange Commission.

Delek US Holdings, Inc.

Consolidated Financial Statements
As of December 31, 2015 and 2014 and
For Each of the Three Years Ended December 31, 2015, 2014 and 2013

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

All other financial schedules are not required under related instructions, or are inapplicable and therefore have been omitted.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
Delek US Holdings, Inc.

We have audited Delek US Holdings, Inc.’s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Delek US Holdings Inc.’s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Delek US Holdings, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2015 consolidated financial statements of Delek US Holdings, Inc. and our report dated February 29, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 29, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
Delek US Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Delek US Holdings, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits. We did not audit the consolidated financial statements of Alon USA Energy Inc., a corporation in which the Company has a 48% interest. In the consolidated financial statements, the Company’s investment in Alon USA Energy, Inc. is stated at $564.5 million as of December 31, 2015, and the Company’s equity in the net income of Alon USA Energy, Inc. is stated at $4.1 million for the year ended December 31, 2015. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Alon USA Energy, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Delek US Holdings, Inc. at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Delek US Holdings, Inc.’s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 29, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 29, 2016

Delek US Holdings, Inc.
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	$302.2	$444.1
Accounts receivable	233.0	197.0
Accounts receivable from related party	0.5	—
Inventories, net of lower of cost or market valuation	307.6	469.6
Other current assets	145.5	136.0
Total current assets	988.8	1,246.7
Property, plant and equipment:		
Property, plant and equipment	2,100.1	1,952.9
Less: accumulated depreciation	(579.0)	(509.6)
Property, plant and equipment, net	1,521.1	1,443.3
Goodwill	74.4	73.9
Other intangibles, net	27.3	21.4
Equity method investments	605.2	—
Other non-current assets	108.1	103.4
Total assets	$3,324.9	$2,888.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$397.6	$476.7
Current portion of long-term debt and capital lease obligations	95.2	55.7
Obligation under Supply and Offtake Agreement	132.0	200.9
Accrued expenses and other current liabilities	134.9	122.9
Total current liabilities	759.7	856.2
Non-current liabilities:		
Long-term debt and capital lease obligations, net of current portion	880.5	531.6
Environmental liabilities, net of current portion	7.9	8.5
Asset retirement obligations	9.7	9.2
Deferred tax liabilities	247.9	266.3
Other non-current liabilities	65.3	18.5
Total non-current liabilities	1,211.3	834.1
Stockholders' equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.01 par value, 110,000,000 shares authorized, 66,946,721 shares and 60,637,525 shares issued at December 31, 2015 and December 31, 2014, respectively	0.7	0.6
Additional paid-in capital	639.2	395.1
Accumulated other comprehensive loss	(45.3)	(12.6)
Treasury stock, 4,809,701 shares and 3,365,561 shares, at cost, as of December 31, 2015 and December 31, 2014, respectively	(154.8)	(112.6)
Retained earnings	713.5	731.2
Non-controlling interest in subsidiaries	200.6	196.7
Total stockholders' equity	1,353.9	1,198.4
Total liabilities and stockholders' equity	$3,324.9	$2,888.7

See accompanying notes to the consolidated financial statements

Delek US Holdings, Inc.

Consolidated Statements of Income
(In millions, except share and per share data)

	Year Ended December 31,		
	2015	2014	2013
Net sales	$5,762.0	$8,324.3	$8,706.8
Operating costs and expenses:			
Cost of goods sold	5,015.6	7,315.2	7,880.7
Operating expenses	406.6	398.8	387.4
General and administrative expenses	126.0	133.4	111.2
Depreciation and amortization	134.0	111.5	89.8
Other operating income, net	(0.9)	(1.1)	—
Total operating costs and expenses	5,681.3	7,957.8	8,469.1
Operating income	80.7	366.5	237.7
Interest expense	58.3	40.6	37.7
Interest income	(1.1)	(0.8)	(0.3)
Income from equity method investments	(2.0)	—	—
Other income, net	(1.6)	(0.9)	(6.3)
Total non-operating expenses, net	53.6	38.9	31.1
Income before income tax (benefit) expense	27.1	327.6	206.6
Income tax (benefit) expense	(16.6)	101.6	70.9
Net income	43.7	226.0	135.7
Net income attributed to non-controlling interest	24.3	27.4	18.0
Net income attributable to Delek	$19.4	$198.6	$117.7
Basic & diluted earnings per share:			
Basic	$0.32	$3.38	$1.99
Diluted	$0.32	$3.35	$1.96
Weighted average common shares outstanding:			
Basic	60,819,771	58,780,947	59,186,921
Diluted			