PBF Energy Inc.
Form 10-Q
May 09, 2013

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

FORM 10-Q

(Mark one)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: March 31, 2013
Or

¨ 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: 001-35764
Commission File Number: 333-186007
Commission File Number: 333-186007-07

PBF ENERGY INC.
PBF HOLDING COMPANY LLC
PBF FINANCE CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE DELAWARE DELAWARE	45-3763855 27-2198168 45-2685067
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Sylvan Way, Second Floor Parsippany, New Jersey	07054
(Address of principal executive offices)	(Zip Code)

(973) 455-7500
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

PBF Energy Inc.	x Yes ¨ No
PBF Holding Company LLC	o Yes x No
PBF Finance Corporation	o Yes x No

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 (§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).

PBF Energy Inc.	x Yes ¨ No
PBF Holding Company LLC	x Yes ¨ No
PBF Finance Corporation	x Yes o No

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.

	Large accelerated filer	Accelerated filer	Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
PBF Energy Inc.	¨	¨	x	¨
PBF Holding Company LLC	¨	¨	x	¨
PBF Finance Corporation	o	o	x	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

PBF Energy Inc.	¨ Yes x No
PBF Holding Company LLC	¨ Yes x No
PBF Finance Corporation	o Yes x No

As of May 3, 2013, PBF Energy Inc. had outstanding 23,613,835 shares of Class A common stock and 41 shares of Class B common stock. PBF Energy Inc. is the sole managing member of, and owner of an equity interest of approximately 24.4% of the outstanding economic interest in, PBF Energy Company LLC. PBF Energy Company LLC held 100% of the membership interests in PBF Holding Company LLC as of May 3, 2013. PBF Holding Company LLC has no common stock outstanding. As of May 3, 2013, PBF Finance Corporation had 100 shares of common stock outstanding, all of which were held by PBF Holding Company LLC.

PBF Finance Corporation meets the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.

PBF ENERGY INC. AND
PBF HOLDING COMPANY LLC
FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 2013
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Explanatory Note

This combined Form 10-Q is filed by PBF Energy Inc. (“PBF Energy”), PBF Holding Company LLC (“PBF Holding”) and PBF Finance Corporation ("PBF Finance"). Each Registrant hereto is filing on its own behalf all of the information contained in this report that relates to such Registrant. Each Registrant hereto is not filing any information that does not relate to such other Registrant, and therefore makes no representation as to any such information. PBF Energy is the sole managing member of, and owner of an equity interest representing approximately 24.4% of the outstanding economic interests in, PBF Energy Company LLC ("PBF LLC"). PBF Holding is a wholly-owned subsidiary of PBF LLC and PBF Finance is a wholly-owned subsidiary of PBF Holding. PBF Holding is the parent company for PBF LLC's operating subsidiaries.

PBF Holding is an indirect subsidiary of PBF Energy, representing 100% of PBF Energy’s consolidated revenue for the three months ended March 31, 2013 and constituting 100% of PBF Energy’s revenue generating assets as of March 31, 2013.

Unless the context indicates otherwise, the terms “we,” “us,” and “our” refer to both PBF Energy and PBF Holding and subsidiaries. Discussions or areas of this report that either apply only to PBF Energy or PBF Holding are clearly noted in such sections.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain “forward-looking statements”, as defined in the Private Securities Litigation Reform Act of 1995, of expected future developments. You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “should,” “seeks,” “approximately,” “intends,” “plans,” “esti “anticipates” or similar expressions that relate to our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results.

Important factors that could cause actual results to differ materially from our expectations, which we refer to as “cautionary statements,” are disclosed under “Item 1A. Risk Factors” and elsewhere in the Annual Reports on Form 10-K for the year ended December 31, 2012 for PBF Energy Inc. and PBF Holding Company LLC and our other filings with the Securities and Exchange Commission. All forward-looking information in this Quarterly Report on Form 10-Q and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

- supply, demand, prices and other market conditions for our services;
- the effects of competition in our markets;
- changes in currency exchange rates, interest rates and capital costs;
- adverse developments in our relationship with both our key employees and unionized employees;
- our ability to operate our businesses efficiently, manage capital expenditures and costs (including general and administrative expenses) tightly and generate earnings and cash flow;
- our substantial indebtedness described in our 2012 Annual Reports on Form 10-K and this Quarterly Report on Form 10-Q;
- restrictive covenants in our indebtedness that may adversely affect our operational flexibility;
- our assumptions regarding payments arising under the tax receivable agreement and other arrangements relating to our organizational structure;
- our expectations with respect to our acquisition activity;
- our expectations with respect to our capital improvement projects including the development and expansion of our Delaware City crude unloading facility;
- the possibility that we might reduce or not make further dividend payments;
- our ability to retain key employees; and
- the costs of being a public company, including Sarbanes-Oxley Act compliance.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Quarterly Report on Form 10-Q may not in fact occur. Accordingly, investors should not place undue reliance on those statements.

Our forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q or as of the date as of which they are made. Except as required by applicable law, including the securities laws of the United States, we do not intend to update or revise any forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing.

PART I – FINANCIAL INFORMATION
Item 1. Financial Statements
PBF ENERGY INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(COMBINED AND CONSOLIDATED WITH PBF ENERGY COMPANY LLC AND SUBSIDIARIES)
(unaudited, in thousands, except share data)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$404,088	$285,884
Accounts receivable	662,846	503,796
Inventories	1,450,518	1,497,119
Deferred tax asset	5,635	7,717
Prepaid expense and other current assets	28,590	13,388
Total current assets	2,551,677	2,307,904
Property, plant, and equipment, net	1,658,291	1,635,587
Deferred tax assets	107,500	112,862
Deferred charges and other assets, net	191,605	197,349
Total assets	$4,509,073	$4,253,702
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$476,220	$360,057
Accrued expenses	1,139,153	1,031,467
Payable to related parties pursuant to tax receivable agreement	1,007	1,007
Deferred revenue	212,347	210,543
Total current liabilities	1,828,727	1,603,074
Delaware Economic Development Authority loan	16,000	20,000
Long-term debt	711,548	709,980
Payable to related parties pursuant to tax receivable agreement	159,004	159,004
Other long-term liabilities	32,603	38,099
Total liabilities	2,747,882	2,530,157
Commitments and contingencies		
Equity:		
Class A common stock, $0.001 par value, 1,000,000,000 shares authorized, 23,613,835 shares outstanding at March 31, 2013, 23,571,221 shares outstanding, at December 31, 2012	24	24
Class B common stock, $0.001 par value, 1,000,000 shares authorized, 41 shares outstanding, at March 31, 2013 and December 31, 2012	—	—
Preferred stock, $0.001 par value, 100,000,000 shares authorized, no shares outstanding, at March 31, 2013 and December 31, 2012	—	—
Additional paid in capital	418,322	417,835
Retained earnings	6,278	1,956
Accumulated other comprehensive loss	(87)	(61)
Total PBF Energy Inc. equity	424,537	419,754

Noncontrolling interest	1,336,654	1,303,791
Total equity	1,761,191	1,723,545
Total liabilities and equity	$4,509,073	$4,253,702

See notes to condensed consolidated financial statements.
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PBF ENERGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(COMBINED AND CONSOLIDATED WITH PBF ENERGY COMPANY LLC AND SUBSIDIARIES)
(unaudited, in thousands, except share and per share data)

	Three months ended March 31,	
	2013	2012
Revenues	$4,797,847	$4,716,106
Cost and expenses:		
Cost of sales, excluding depreciation	4,435,101	4,660,193
Operating expenses, excluding depreciation	206,015	188,143
General and administrative expenses	30,094	13,814
Gain on sale of assets	—	(2,503)
Depreciation and amortization expense	26,532	20,542
	4,697,742	4,880,189
Income (loss) from operations	100,105	(164,083)
Other income (expense)		
Change in fair value of contingent consideration	—	(692)
Change in fair value of catalyst lease	(1,339)	(6,348)
Interest expense, net	(21,611)	(31,408)
Income (loss) before income taxes	77,155	(202,531)
Income tax expense	(7,444)	—
Net income (loss)	69,711	$(202,531)
Less: net income attributable to noncontrolling interest	58,305	
Net income attributable to PBF Energy Inc.	$11,406	
Weighted-average shares of Class A common stock outstanding		
Basic	23,589,687	
Diluted	97,415,576	
Net income available to Class A common stock per share:		
Basic	$0.48	
Diluted	$0.48	
Dividend per common share	$0.30	

See notes to condensed consolidated financial statements.

PBF ENERGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(COMBINED AND CONSOLIDATED WITH PBF ENERGY COMPANY LLC AND SUBSIDIARIES)
(unaudited, in thousands)

	Three months ended March 31,	
	2013	2012
Net income (loss)	$69,711	$(202,531)
Other comprehensive:		
Unrealized loss on available for sale securities	—	(3)
Amortization of defined benefit plans unrecognized net gain (loss)	(108)	17
Total other comprehensive income (loss)	(108)	14
Comprehensive income (loss)	69,603	$(202,517)
Less: Comprehensive income attributable to noncontrolling interest	58,223	
Comprehensive income attributable to PBF Energy Inc.	$11,380	

See notes to condensed consolidated financial statements.
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PBF ENERGY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(COMBINED AND CONSOLIDATED WITH PBF ENERGY COMPANY LLC AND SUBSIDIARIES)
(unaudited, in thousands)

	Three months ended March 31,	
	2013	2012
Cash flows from operating activities:		
Net income (loss)	$69,711	$(202,531)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	28,142	21,752
Stock-based compensation	1,020	507
Change in fair value of catalyst lease obligation	1,339	6,348
Change in fair value of contingent consideration	—	692
Deferred income taxes	7,444	—
Non-cash change inventory repurchase obligations	(8,153)	(19,690)
Write-off of unamortized deferred financing fees	—	4,391
Pension and other post retirement benefits costs	4,182	2,443
Gain on disposition of property, plant and equipment	—	(2,503)
Changes in current assets and current liabilities:		
Accounts receivable	(159,050)	(180,988)
Inventories	22,060	54,144
Other current assets	(15,202)	30,902
Accounts payable	116,163	62,886
Accrued expenses	150,707	(115,680)
Deferred revenue	1,804	76,043
Other assets and liabilities	(9,101)	(7,417)
Net cash provided by (used in) operations	211,066	(268,701)
Cash flow from investing activities:		
Expenditures for property, plant and equipment	(56,152)	(23,396)
Expenditures for deferred turnarounds cost	(2,166)	(14,041)
Expenditures for other assets	(835)	(4,890)
Proceeds from sale of assets	—	3,211
Net cash used in investing activities	(59,153)	(39,116)
Cash flows from financing activities:		
Proceeds from members' capital contributions to PBF Energy Company LLC (former controlling interest)	—	250
Distribution to PBF Energy Company LLC members	(25,892)	—
Dividend payment	(7,084)	—
Proceeds from 8.25% senior secured notes	—	665,806
Proceeds from long-term debt	—	255,000
Proceeds from catalyst lease	—	9,452
Repayment of long-term debt	—	(651,044)
Deferred financing costs and other	(733)	(15,558)
Net cash (used in) provided by financing activities	(33,709)	263,906
Net increase (decrease) in cash and cash equivalents	118,204	(43,911)
Cash and equivalents, beginning of period	285,884	50,166

Cash and equivalents, end of period	$404,088	$6,255
Supplemental cash flow disclosures		
Non-cash activities:		
Conversion of Delaware Economic Development Authority loan to grant	$4,000	$—
Accrued construction in progress	5,749	5,314
Non-cash impact of inventory supply and offtake agreements on inventory and accrued expenses	24,541	244,055

See notes to condensed consolidated financial statements.

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PBF HOLDING COMPANY LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$404,088	$254,291
Accounts receivable	662,846	503,796
Due from related party	—	14,721
Inventories	1,450,518	1,497,119
Prepaid expense and other current assets	28,590	13,388
Total current assets	2,546,042	2,283,315
Property, plant and equipment, net	1,658,291	1,635,587
Deferred charges and other assets, net	191,605	197,349
Total assets	$4,395,938	$4,116,251
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$476,220	$360,057
Accrued expenses	1,138,452	1,025,918
Due to related parties	12,510	—
Deferred revenue	212,347	210,543
Total current liabilities	1,839,529	1,596,518
Delaware Economic Development Authority loan	16,000	20,000
Long-term debt	711,548	709,980
Other long-term liabilities	32,603	38,099
Total liabilities	2,599,680	2,364,597
Commitments and contingencies		
Equity:		
Member's equity	930,631	930,098
Retained earnings	874,676	830,497
Accumulated other comprehensive loss	(9,049)	(8,941)
Total equity	1,796,258	1,751,654
Total liabilities and stockholders' equity	$4,395,938	$4,116,251

See notes to condensed consolidated financial statements.
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PBF HOLDING COMPANY LLC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands)

	Three months ended March 31,	
	2013	2012
Revenues	$4,797,847	$4,716,106
Costs and expenses:		
Cost of sales, excluding depreciation	4,435,101	4,660,193
Operating expenses, excluding depreciation	206,015	188,143
General and administrative expenses	30,094	13,814
Gain on sale of assets	—	(2,503)
Depreciation and amortization expense	26,532	20,542
	4,697,742	4,880,189
Income (loss) from operations	100,105	(164,083)
Other income (expense)		
Change in fair value of contingent consideration	—	(692)
Change in fair value of catalyst lease	(1,339)	(6,348)
Interest expense, net	(21,611)	(31,408)
Net income (loss)	$77,155	$(202,531)

See notes to condensed consolidated financial statements.
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PBF HOLDING COMPANY LLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited, in thousands)

	Three months ended March 31,	
	2013	2012
Net income (loss)	$77,155	$(202,531)
Other comprehensive income:		
Unrealized loss on available for sale securities	—	(3)
Amortization of defined benefit plans unrecognized net gain (loss)	(108)	17
Total other comprehensive income (loss)	(108)	14
Comprehensive income (loss)	$77,047	$(202,517)

See notes to condensed consolidated financial statements.

PBF HOLDING COMPANY LLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Three months ended March 31, 2013	2012
Cash flows from operating activities:		
Net income (loss)	$77,155	$(202,531)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	28,142	21,752
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Non-cash change in inventory repurchase obligations	(8,153)	(19,690)
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Gain on disposition of property, plant and equipment	—	(2,503)
Changes in current assets and current liabilities:		
Accounts receivable	(159,050)	(180,988)
Due to/from related party	27,231	—
Inventories	22,060	54,144
Other current assets	(15,202)	30,902
Accounts payable	116,163	62,886
Accrued expenses	155,069	(115,680)
Deferred revenue	1,804	76,043
Other assets and liabilities	(9,101)	(7,417)
Net cash provided by (used in) operations	242,659	(268,701)
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(56,152)	(23,396)
Expenditures for deferred turnarounds costs	(2,166)	(14,041)
Expenditures for other assets	(835)	(4,890)
Proceeds from sale of assets	—	3,211
Net cash used in investing activities	(59,153)	(39,116)
Cash flows from financing activities:		
Proceeds from member's capital contributions	—	250
Proceeds from senior secured notes	—	665,806
Proceeds from long-term debt	—	255,000
Proceeds from catalyst lease	—	9,452
Distribution to members	(32,976)	—
Repayment of long-term debt	—	(651,044)
Deferred financing costs and other	(733)	(15,558)
Net cash (used in) provided by financing activities	(33,709)	263,906
Net increase (decrease) in cash and cash equivalents	149,797	(43,911)
Cash and equivalents, beginning of period	254,291	50,166
Cash and equivalents, end of period	$404,088	$6,255

Supplemental cash flow disclosures

Non-cash activities:		
Conversion of Delaware Economic Development Authority loan to grant	$4,000	$—
Accrued construction in progress	5,749	5,314
Non-cash impact of inventory supply and offtake agreements on inventory and accrued expenses	24,541	244,055

See notes to condensed consolidated financial statements.

PBF ENERGY INC. AND
PBF HOLDING COMPANY LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT SHARE, UNIT AND BARREL DATA)

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION

Description of the Business

PBF Energy Inc. ("PBF Energy") was formed as a Delaware corporation on November 7, 2011 for the purpose of facilitating an initial public offering (“IPO”) of its common equity and to become the sole managing member of PBF Energy Company LLC (“PBF LLC”). Prior to completion of its IPO, PBF Energy had not engaged in any business or other activities except in connection with its formation and the IPO. On December 12, 2012, PBF Energy completed an IPO of 23,567,686 shares of its Class A common stock at a public offering price of $26.00 per share. The IPO subsequently closed on December 18, 2012. PBF Energy used the net proceeds of the offering to acquire approximately 24.4% of the membership interests in PBF LLC and to cover offering expenses. As a result of the initial public offering and related reorganization transactions, PBF Energy became the sole managing member of PBF LLC with a controlling interest in PBF LLC and its subsidiaries. PBF Energy consolidates the financial results of PBF LLC and its subsidiaries and records a noncontrolling interest in its consolidated financial statements representing the economic interests of PBF LLC's members other than PBF Energy. The financial statements and results of operations for periods prior to the completion of PBF Energy’s IPO and the related reorganization transactions are those of PBF LLC.

Effective with the completion of the PBF Energy IPO and related reorganization transactions, PBF LLC became a minority-owned, controlled and consolidated subsidiary of PBF Energy. PBF LLC, a Delaware limited liability company, together with its consolidated subsidiaries, owns and operates oil refineries and related facilities in North America. PBF Holding Company LLC ("PBF Holding") is a wholly-owned subsidiary of PBF LLC. PBF Holding and PBF Finance issued 8.25% Senior Secured Notes ("senior secured notes") in 2012, which were subsequently registered under the Securities Act of 1933, as amended. Delaware City Refining Company LLC, Delaware Pipeline Company LLC, PBF Power Marketing LLC, Paulsboro Refining Company LLC, Paulsboro Natural Gas Pipeline Company LLC and Toledo Refining Company LLC are PBF LLC’s principal operating subsidiaries and are all wholly-owned subsidiaries of PBF Holding. Collectively, PBF Energy and subsidiaries, including PBF Holding, are referred to hereinafter as the "Company".

Substantially all of the Company’s operations are in the United States. The Company’s three oil refineries are all engaged in the refining of crude oil and other feedstocks into petroleum products, and have been aggregated to form one reportable segment. To generate earnings and cash flows from operations, the Company is primarily dependent upon processing crude oil and selling refined petroleum products at margins sufficient to cover fixed and variable costs and other expenses. Crude oil and refined petroleum products are commodities and factors largely out of the Company’s control can cause prices to vary over time. The potential margin volatility can have a material effect on the Company’s financial position, earnings and cash flow.

Basis of Presentation

The unaudited condensed consolidated financial information furnished herein reflects all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, considered necessary for a fair presentation of the financial position and the results of operations and cash flows for the periods presented . All intercompany accounts and transactions have been eliminated in consolidation. These unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Annual Reports on Form 10-K for the year ended December 31, 2012 for PBF Energy Inc. and PBF Holding Company LLC. The results of operations for the three months ended March 31, 2013 are not indicative of the results to be expected for the full year.

NOTE 2. RECENT ACCOUNTING PRONOUNCEMENTS

On January 1, 2013, the Company adopted changes issued by the FASB to the disclosure of offsetting assets and liabilities. These changes require an entity to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The enhanced disclosures will enable users of an entity's financial statements to understand and evaluate the effect or potential effect of master netting arrangements on an entity's financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and

PBF ENERGY INC. AND
PBF HOLDING COMPANY LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT SHARE, UNIT AND BARREL DATA)

derivative instruments. As of March 31, 2013, the impact of offsetting assets and liabilities was not material to the Company and additional disclosure is not included in this Form 10-Q.

On January 1, 2013, the Company adopted changes issued by the FASB to the reporting of amounts reclassified out of accumulated other comprehensive income. These changes require an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures that provide additional detail about those amounts. These requirements are to be applied to each component of accumulated other comprehensive income. For the three months ended March 31, 2013, the impact of reclassification out of accumulated other comprehensive income was not material to the Company and additional disclosure is not included in this Form 10-Q.

3. NONCONTROLLING INTEREST OF PBF ENERGY

As a result of the PBF Energy IPO and the related reorganization transactions, PBF Energy is the sole managing member of, and has a controlling interest in, PBF LLC. As the sole managing member of PBF LLC, PBF Energy operates and controls all of the business and affairs of PBF LLC and its subsidiaries. PBF Energy consolidates the financial results of PBF LLC and its subsidiaries, and records a noncontrolling interest for the economic interest in PBF Energy held by the members of PBF LLC other than PBF Energy. Noncontrolling interest on the consolidated statements of operations represents the portion of net income or loss attributable to the economic interest in PBF Energy held by the members of PBF LLC other than PBF Energy. Noncontrolling interest on the consolidated balance sheets represents the portion of net assets of PBF Energy attributable to the members of PBF LLC other than PBF Energy. The noncontrolling interest ownership percentage as of March 31, 2013 and December 31, 2012 is calculated as follows:

	Holders of PBF LLC Series A Units	Outstanding Shares of PBF Energy Class A Common Stock	Total *
December 31, 2012	72,972,131	23,571,221	96,543,352
	75.6 %	24.4 %	100 %
March 31, 2013	72,972,131	23,613,835	96,585,966
	75.6 %	24.4 %	100 %

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* Assumes all of the holders of PBF LLC Series A Units exchange their PBF LLC Series A Units for shares of PBF Energy's Class A common stock on a one-for-one basis.

The following table summarizes the changes in equity for the controlling and noncontrolling interests of PBF Energy for the three months ended March 31, 2013:

	PBF Energy Inc. Equity	Noncontrolling Interest	Total Equity
Balance at January 1, 2013	$419,754	$1,303,791	$1,723,545
Net income (loss)	11,406	58,305	69,711
Dividend and distributions	(7,084)	(25,892)	(32,976)

Stock based compensation	487	533	1,020
Comprehensive loss	(26)	(82)	(108)
Balance at March 31, 2013	$424,537	$1,336,654	$1,761,191

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PBF ENERGY INC. AND
PBF HOLDING COMPANY LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT SHARE, UNIT AND BARREL DATA)

4. INVENTORIES

Inventories consisted of the following:

March 31, 2013

	Titled Inventory	Inventory Supply and Offtake Arrangements	Total
Crude oil and feedstocks	$424,649	$226,512	$651,161
Refined products and blendstocks	355,286	411,369	766,655
Warehouse stock and other	32,702	—	32,702
	$812,637	$637,881	$1,450,518

December 31, 2012

	Titled Inventory	Inventory Supply and Offtake Arrangements	Total
Crude oil and feedstocks	$384,441	$257,947	$642,388
Refined products and blendstocks	405,545	417,865	823,410
Warehouse stock and other	31,321	—	31,321
	$821,307	$675,812	$1,497,119

Inventory under inventory supply and offtake arrangements includes crude oil stored at the Company's Paulsboro and Delaware City refineries' storage facilities that the Company will purchase as it is consumed in connection with the crude supply agreements; feedstocks and blendstocks sold to counterparties that the Company will repurchase for further blending into finished products; lube products sold to a counterparty that the Company will repurchase; and light finished products sold to a counterparty in connection with the offtake agreement and stored in the Paulsboro and Delaware City refineries' storage facilities pending shipment by the counterparty.

At March 31, 2013 and December 31, 2012, the replacement value of inventories exceeded the LIFO carrying value by approximately $137,883 and $79,859, respectively.

5. DEFERRED CHARGES AND OTHER ASSETS, NET

Deferred charges and other assets, net consisted of the following:

	March 31, 2013	December 31, 2012
Deferred turnaround costs, net	$74,844	$78,128
Catalyst	64,071	66,377
Deferred financing costs, net	30,382	30,987
Restricted cash	12,116	12,114
Linefill	8,735	8,042
Intangible assets, net	997	1,085
Other	460	616

	$191,605	$197,349

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6. ACCRUED EXPENSES

PBF Energy
Accrued expenses consisted of the following:

	March 31, 2013	December 31, 2012
Inventory supply and offtake arrangements	$503,900	$536,594
Inventory-related accruals	421,882	287,929
Customer deposits	47,734	26,541
Accrued transportation costs	25,369	20,338
Renewable energy credit obligations	23,646	—
Excise and sales tax payable	23,598	40,776
Fair value of contingent consideration for refinery acquisition	21,358	21,358
Accrued utilities	19,422	19,060
Accrued salaries and benefits	14,238	15,212
Accrued interest	8,924	22,764
Accrued construction in progress	5,749	16,481
Income taxes payable	1,275	1,275
Other	22,058	23,139
	$1,139,153	$1,031,467

PBF Holding
Accrued expenses consisted of the following:

	March 31, 2013	December 31, 2012
Inventory supply and offtake arrangements	$503,900	$536,594
Inventory-related accruals	421,882	287,929
Customer deposits	47,734	26,541
Accrued transportation costs	25,369	20,338
Renewable energy credit obligations	23,646	—
Excise and sales tax payable	23,598	36,414
Fair value of contingent consideration for refinery acquisition	21,358	21,358
Accrued utilities	19,422	19,060
Accrued salaries and benefits	14,238	15,212
Accrued interest	8,924	22,764
Accrued construction in progress	5,749	16,481
Other	22,632	23,227
	$1,138,452	$1,025,918

The Company has the obligation to repurchase certain intermediates and lube products under its products offtake agreements with Morgan Stanley Capital Group Inc. ("MSCG") that are held in the Company's refinery storage tanks. A liability included in Inventory supply and offtake arrangements is recorded at market price for the volumes held in storage consistent with the terms of the offtake agreements with any change in the market price being recorded in costs of sales. The liability represents the amount the Company expects to pay to repurchase the volumes held in storage.

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The Company recorded a non-cash benefit of $15,904 and $3,659 related to this liability in the three months ended March 31, 2013 and 2012, respectively.

7. DELAWARE ECONOMIC DEVELOPMENT AUTHORITY LOAN

In June 2010, in connection with the Delaware City acquisition, the Delaware Economic Development Authority (the “Authority”) granted the Company a $20,000 loan to assist with operating costs and the cost of restarting the refinery. The loan is represented by a zero interest rate note and the entire unpaid principal amount is payable in full on March 1, 2017, unless the loan is converted to a grant. The Company recorded the loan as a long-term liability pending approval from the Authority that it has met the requirements to convert the remaining loan balance to a grant.

The loan converts to a grant in tranches of up to $4,000 annually over a five-year period, starting at the one-year anniversary of the “certified restart date” as defined in the agreement and certified by the Authority. In order for the loan to be converted to a grant, the Company is required to utilize at least 600 man hours of labor in connection with the reconstruction and restarting of the Delaware City refinery, expend at least $125,000 in qualified capital expenditures, commence refinery operations, and maintain certain employment levels, all as defined in the agreement. In February 2013, the Company received confirmation from the Delaware Economic Development Authority that the Company had satisfied the conditions necessary for the first $4,000 tranche of the loan to be converted to a grant. As a result of the grant conversion, property, plant and equipment, net was reduced by $4,000 as the proceeds from the loan were used for capital projects.

8. INCOME TAXES

PBF Energy

For periods following PBF Energy’s IPO, PBF Energy is required to file federal and applicable state corporate income tax returns and recognizes income taxes on its pre-tax income, which to-date has consisted solely of its share (approximately 24.4% as of March 31, 2013) of PBF LLC’s pre-tax income. PBF LLC is organized as a limited liability company which is treated as a "flow through" entity for income tax purposes and therefore is not subject to income taxes. As a result, the PBF Energy condensed consolidated financial statements do not reflect a benefit or provision for income taxes for PBF LLC for periods prior to the IPO or any benefit or provision for income taxes on the pre-tax income or loss attributable to the noncontrolling interest in PBF LLC.

The income tax provision in the PBF Energy condensed consolidated financial statements of operations consists of the following:

	Three Months Ended March 31, 2013
Current tax expense	$ —
Deferred tax expense	7,444
Total tax expense	$ 7,444

PBF Energy’s effective tax rate for the three months ended March 31, 2013 was 39.5%.

PBF Energy has determined there are no material uncertain tax positions as of March 31, 2013.

PBF Holding

PBF Holding is a limited liability company treated as a "flow-through" entity for income tax purposes, accordingly there is no benefit or provision for federal or state income tax in the accompanying PBF Holding financial statements.

9. COMMITMENTS AND CONTINGENCIES

Environmental Matters

The Company’s refineries are subject to extensive and frequently changing federal, state and local laws and regulations, including, but not limited to, those relating to the discharge of materials into the environment or that otherwise relate to the protection of the environment, waste management and the characteristics and the compositions of fuels. Compliance with existing and anticipated laws and regulations can increase the overall cost of operating the refineries, including remediation, operating costs and capital costs to construct, maintain and upgrade equipment and facilities.

In connection with the Paulsboro refinery acquisition, the Company assumed certain environmental remediation obligations. The environmental liability of $11,369 recorded as of March 31, 2013 ($9,669 as of December 31, 2012) represents the present value of expected future costs discounted at a rate of 8%. The current portion of the environmental liability is recorded in accrued expenses and the non-current portion is recorded in other long-term liabilities. A trust fund related to this liability in the amount of $12,116 and $12,114, acquired in the Paulsboro acquisition, is recorded as restricted cash in deferred charges and other assets, net as of March 31, 2013 and December 31, 2012, respectively.

In connection with the acquisition of the Delaware City assets, Valero remains responsible for certain pre-acquisition environmental obligations up to $20,000 and the predecessor to Valero in ownership of the refinery retains other historical obligations.

In connection with the Delaware City assets and Paulsboro refinery acquisitions, the Company and Valero purchased ten year, $75,000 environmental insurance policies to insure against unknown environmental liabilities at each site. In connection with the Toledo refinery acquisition, Sunoco remains responsible for environmental remediation for conditions that existed on the closing date for twenty years from March 1, 2011.

In 2010, New York State adopted a Low-Sulfur Heating Oil mandate that, beginning July 1, 2012, requires all heating oil sold in New York State to contain no more than 15 PPM sulfur. Other states have laws with various implementation dates that also require lower levels of sulfur in heating oils. Not all of the heating oil we currently produce meets this specification. The mandate does not currently have a material impact on the Company's financial position or results of operations.

In addition, on June 1, 2012, the Environmental Protection Agency issued final amendments to the New Source Performance Standards (“NSPS”) for petroleum refineries, including standards for emissions of nitrogen oxides from process heaters and work practice standards and monitoring requirements for flares. The Company is evaluating the impact of the regulation and amended standards on its refinery operations. The Company cannot currently estimate the cost that may be incurred, if any, to comply by July 1, 2015 with the amended NSPS.

The Company is aware that the EPA has drafted the proposed Tier 3 Motor Vehicle Emission and Fuel Standards. The draft Standards are in the formal public comment period at this time. The Company is evaluating the potential impact of these proposed Standards.

The Company is also currently subject to certain other existing environmental claims and proceedings. The Company believes that there is only a remote possibility that future costs related to any of these other known contingent liability exposures would have a material impact on its financial position or results of operations.

PBF LLC Limited Liability Company Agreement

PBF LLC’s amended and restated limited liability company agreement provides for tax distributions to the members of PBF LLC, including PBF Energy, subject to available cash and applicable law and contractual restrictions (including pursuant to the Company’s debt instruments) and based on certain assumptions. Generally, these tax distributions will be an amount equal to the Company’s estimate of the taxable income of PBF LLC multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate applicable to an individual resident in New York City (subject to adjustment for certain non-deductible expenses). In order for PBF LLC to make tax distributions to its members, PBF LLC will cause PBF Holding to distribute these funds to PBF LLC.

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Tax Receivable Agreement

PBF Energy entered into a tax receivable agreement with the PBF LLC Series A and PBF LLC Series B Unit holders (the “Tax Receivable Agreement”) that provides for the payment by PBF Energy to such persons of an amount equal to 85% of the amount of the benefits, if any, that PBF Energy is deemed to realize as a result of (i) increases in tax basis, as described below, and (ii) certain other tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement. For purposes of the Tax Receivable Agreement, the benefit deemed realized by PBF Energy will be computed by comparing the actual income tax liability of PBF Energy (calculated with certain assumptions) to the amount of such taxes that PBF Energy would have been required to pay had there been no increase to the tax basis of the assets of PBF LLC as a result of the purchase or exchanges of PBF LLC Series A Units and had PBF Energy not entered into the Tax Receivable Agreement. The term of the Tax Receivable Agreement will continue until all such tax benefits have been utilized or expired, unless PBF Energy exercises its right to terminate the Tax Receivable Agreement, PBF Energy breaches any of its material obligations under the Tax Receivable Agreement or certain changes of control occur, in which case all obligations will generally be accelerated and due as calculated under certain assumptions.

The payment obligations under the Tax Receivable Agreement are obligations of PBF Energy and not of PBF LLC or PBF Holding. In general, PBF Energy expects to obtain funding for these payments by causing PBF Holding to distribute cash to PBF LLC, which will then distribute this cash, generally as tax distributions, on a pro-rata basis to its owners. Such owners include PBF Energy, which holds a 24.4% interest as of March 31, 2013.

10. DIVIDENDS AND DISTRIBUTIONS

With respect to dividends and distributions paid during the three months ended March 31, 2013, PBF Holding paid $32,976 in distributions to PBF LLC. PBF LLC used $28,976 of this amount ($0.30 per unit) to make non-tax distributions to its members, of which $7,084 was distributed to PBF Energy and the balance was distributed to its other members. PBF Energy used this $7,084 to pay cash dividends of $0.30 per share of Class A common stock on March 15, 2013. PBF LLC used the remaining $4,000 from PBF Holding's distribution to make a tax distribution to its members, with $17 distributed to PBF Energy, on account of PBF LLC's 2012 taxable income for the pre-IPO and post-IPO periods that was not previously the subject of tax distributions for 2012.

11. EMPLOYEE BENEFIT PLANS

The components of net periodic benefit cost related to the Company’s defined benefit plans consisted of the following:

	Three Months Ended March 31,	
Pension Benefits	2013	2012
Components of net period benefit cost:		
Service cost	$3,699	$2,170
Interest cost	248	35
Expected return on plan assets	(138)	(10)
Amortization of prior service costs	3	3
Amortization of loss	105	14
Net periodic benefit cost	$3,917	$2,212

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	Three Months Ended March 31,	
Post Retirement Medical Plan	2013	2012
Components of net period benefit cost:		
Service cost	$181	$135
Interest cost	84	95
Net periodic benefit cost	$265	$230

12. FAIR VALUE MEASUREMENTS

The tables below present information about the Company's financial assets and liabilities measured and recorded at fair value on a recurring basis and indicate the fair value hierarchy of the inputs utilized to determine the fair values as of March 31, 2013 and December 31, 2012.

	As of March 31, 2013			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$220,830	$—	$—	$220,830
Commodity contracts	1,255	9,715	—	10,970
Liabilities:				
Catalyst lease obligations	—	44,780	—	44,780
Derivatives included with inventory supply arrangement obligations	—	2,156	—	2,156
Contingent consideration for refinery acquisition	—	—	21,358	21,358

	As of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$175,786	$—	$—	$175,786
Commodity contracts	3,303	—	—	3,303
Derivatives included with inventory supply arrangement obligations	—	5,595	—	5,595
Liabilities:				
Catalyst lease obligations	—	43,442	—	43,442
Commodity contracts	—	1,872	—	1,872
Contingent consideration for refinery acquisition	—	—	21,358	21,358

The valuation methods used to measure financial instruments at fair value are as follows:

- Money market funds categorized in Level 1 of the fair value hierarchy are measured at fair value based on quoted market prices and included within cash and cash equivalents.
- The commodity contracts categorized in Level 1 of the fair value hierarchy are measured at fair value based on quoted prices in an active market. The commodity contracts categorized in Level 2 of the fair value hierarchy

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are measured at fair value using a market approach based upon future commodity prices for similar instruments quoted in active markets.

- The derivatives included with inventory supply arrangement obligations and the catalyst lease obligations are categorized in Level 2 of the fair value hierarchy and are measured at fair value using a market approach based upon future commodity prices for similar instruments quoted in active markets.
- The contingent consideration for refinery acquisition obligation at December 31, 2012 is categorized in Level 3 of the fair value hierarchy and is estimated using a discounted cash flow model based on management's estimate of the future cash flows of the Toledo refinery; a risk free rate of return of 0.16%; credit rate spread of 4.38%; and a discount rate of 4.54%. During the three months ended March 31, 2013, there was no change in fair value, as the obligation is known and was paid in full on April 30, 2013.

The table below summarizes the changes in fair value measurements categorized in Level 3 of the fair value hierarchy:

	Three Months Ended March 31,	
	2013	2012
Balance at beginning of period	$21,358	$122,232
Purchases	—	—
Settlements	—	—
Unrealized loss included in earnings	—	692
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Balance at end of period	$21,358	$122,924

There were no transfers between levels during the three months ended March 31, 2013 and 2012, respectively.

Fair value of debt
The table below summarizes the fair value and carrying value as of March 31, 2013 and December 31, 2012.

	March 31, 2013		December 31, 2012	
	Carrying value	Fair value	Carrying value	Fair value
Senior secured notes (a)	$666,768	$703,968	$666,538	$700,963
Catalyst leases (b)	44,780	44,780	43,442	43,442
	711,548	748,748	709,980	744,405
Less - Current maturities	—	—	—	—
Long-term debt	$711,548	$748,748	$709,980	$744,405

(a) The estimated fair value, categorized as a Level 2 measurement, was calculated based on the present value of future expected payments utilizing implied current market interest rates based on quoted prices of the senior secured notes.
(b) Catalyst leases are valued using a market approach based upon future commodity prices for similar instruments quoted in active markets and is classified as a Level 2 measurement.

13. DERIVATIVES
The Company uses derivative instruments to mitigate certain exposures to commodity price risk. The Company's crude supply agreements contain purchase obligations for certain volumes of crude oil and other feedstocks. The Company

was also party to an agreement that contained purchase obligations for certain volumes of stored intermediates inventory during the three months ended March 31, 2012, which was terminated during the first quarter of 2012. The purchase obligations related to crude oil and feedstocks are derivative instruments that have been designated as fair value hedges in order to hedge the commodity price volatility of certain refinery inventory. The fair value of these purchase obligation

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derivatives is based on market prices of crude oil and intermediates in the future. The level of activity for these derivatives is based on the level of operating inventories.

As of March 31, 2013, there were 2,194,091 barrels of crude oil and feedstocks (2,529,447 barrels at December 31, 2012) outstanding under these derivative instruments designated as fair value hedges and no barrels (no barrels at December 31, 2012) outstanding under these derivative instruments not designated as hedges. These volumes represent the notional value of the contract.

The Company also enters into economic hedges primarily consisting of commodity derivative contracts that are not designated as hedges and are used to manage price volatility in certain crude oil and feedstock inventories as well as crude oil, feedstock, and refined product sales or purchases. The objective in entering into economic hedges is consistent with the objectives discussed above for fair value hedges. As of March 31, 2013, there were 2,851,000 barrels of crude oil and 401,000 barrels of refined products (9,234,000 and 1,310,000, respectively, as of December 31, 2012), outstanding under short and long term commodity derivative contracts not designated as hedges representing the notional value of the contracts.

The following tables provide information about the fair values of these derivative instruments as of March 31, 2013 and December 31, 2012 and the line items in the consolidated balance sheet in which the fair values are reflected.

Description	Balance Sheet Location	Fair Value Asset/(Liability)	
Derivatives designated as hedging instruments:			
March 31, 2013:			
Derivatives included with inventory supply arrangement obligations	Accrued expenses	$(2,156	)
December 31, 2012:			
Derivatives included with inventory supply arrangement obligations	Accrued expenses	$5,595	
Derivatives not designated as hedging instruments:			
March 31, 2013:			
Commodity contracts	Accounts receivable	$10,970	
December 31, 2012:			
Commodity contracts	Accounts receivable	$1,431	

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The Company’s policy is to net the fair value of the derivatives included with inventory supply arrangement obligations against the liability related to inventory supply arrangements with the same counterparty as the legal right of offset exists.

The following tables provide information about the gain or loss recognized in income on these derivative instruments and the line items in the consolidated financial statements in which such gains and losses are reflected.

Description	Location of Gain or (Loss) Recognized in Income on Derivatives	Gain or (Loss) Recognized in Income on Derivatives
Derivatives designated as hedging instruments:		
For the three months ended March 31, 2013:		
Derivatives included with inventory supply arrangement obligations	Cost of sales	$(7,751)
For the three months ended March 31, 2012:		
Derivatives included with inventory supply arrangement obligations	Cost of sales	$16,009
Derivatives not designated as hedging instruments:		
For the three months ended March 31, 2013:		
Derivatives included with inventory supply arrangement obligations	Cost of sales	$—
Commodity contracts	Cost of sales	$18,678
For the three months ended March 31, 2012:		
Derivatives included with inventory supply arrangement obligations	Cost of sales	$(8)
Commodity contracts	Cost of sales	$26,918
Hedged items designated in fair value hedges:		
For the three months ended March 31, 2013:		
Crude oil and feedstock inventory	Cost of sales	$2,888
For the three months ended March 31, 2012:		
Crude oil and feedstock inventory	Cost of sales	$(12,739)

Ineffectiveness related to the Company's fair value hedges resulted in a loss of $4,863 for the three months ended March 31, 2013 and gain of $3,876 for the three months ended March 31, 2012, respectively. Gains and losses due to ineffectiveness were excluded from the assessment of hedge effectiveness.

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14. NET INCOME PER SHARE OF PBF ENERGY

For the period subsequent to the IPO, the following table sets forth the computation of basic and diluted net income per common share attributable to PBF Energy:

Basic Earnings Per Share:	
Numerator for basic net income per Class A common share-net income attributable to PBF Energy	$11,406
Denominator for basic net income per Class A common share-weighted average shares	23,589,687
Basic net income attributable to PBF Energy per Class A common share	$0.48
Diluted Earnings Per Share:	
Numerator:	
Net income attributable to PBF Energy	$11,406
Plus: Net income attributable to noncontrolling interest (1)	58,305
Less: Income tax on net income attributable to noncontrolling interest (2)	(23,025)
Numerator for diluted net income per Class A common share	$46,686
Denominator:	
Denominator for basic net income per Class A common share-weighted average shares	23,589,687
Effect of dilutive securities:	
Conversion of PBF LLC Series A Units (3)	72,972,131
Common stock equivalents (4)	853,758
Denominator for diluted net income per common share-adjusted weighted average shares	97,415,576
Diluted net income attributable to PBF Energy per Class A common share	$0.48

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(1) Represents the elimination of the noncontrolling interest associated with the ownership by the members of PBF LLC other than PBF Energy as if such members had fully exchanged their Series A Units for shares of PBF Energy's Class A common stock.

(2) Represents an adjustment to reflect PBF Energy's current effective corporate tax rate of approximately 39.5% applied to all periods presented. The adjustment assumes the full exchange of existing PBF LLC Series A Units as described in (1) above.

(3) Represents an adjustment to weighted-average diluted shares to assume the full exchange of existing PBF LLC Series A Units as described in (1) above.

(4) Represents an adjustment to weighted-average diluted shares outstanding to assume the full exchange of common stock equivalents, including options and warrants for PBF LLC Series A Units and options for shares of PBF Energy Class A common stock. Common stock equivalents excludes the effects of options to purchase 57,500 shares of PBF Energy Class A common stock because they are anti-dilutive.

15. SUBSEQUENT EVENTS

On April 11, 2013 and May 6, 2013, PBF Holding made cash distributions to PBF LLC in the amount of $21,031 and $5,546, respectively. PBF LLC subsequently made tax distributions of $21,031 and $5,546 to its members relating to the three months ended March 31, 2013 and the post-IPO period from December 18, 2012 to December 31, 2012, respectively, pursuant to the terms of PBF LLC's amended and restated limited liability company agreement. PBF Energy's share of such tax distributions was $5,136 and $1,354, respectively.

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PBF Services Company, Delaware City Refining Company LLC, Delaware Pipeline Company LLC, PBF Power Marketing LLC, Paulsboro Refining Company LLC, Paulsboro Natural Gas Pipeline Company LLC, Toledo Refining Company LLC and PBF Investments LLC are 100% owned subsidiaries of PBF Holding which serve as guarantors of the obligations under the senior secured notes. These guarantees are full and unconditional and joint and several. For purposes of the following footnote, PBF Holding is referred to as "Issuer." The indenture dated February 9, 2012, among the Company, the guarantors party thereto and Wilmington Trust, National Association, governs subsidiaries designated as "Guarantor Subsidiaries." PBF Logistics LP, PBF Rail Logistics Company LLC and Delaware City Terminaling Company LLC are consolidated subsidiaries of the Company that are not guarantors of the senior secured notes.

The senior secured notes were co-issued by PBF Finance Corporation. For purposes of the following footnote, PBF Finance Corporation is referred to as "Co-Issuer." The notes are fully and unconditionally guaranteed jointly and severally by the Co-Issuer. The Co-Issuer has no independent assets or operations.

The following supplemental combining and consolidating financial information reflects the Issuer's separate accounts, the combined accounts of the Guarantor Subsidiaries, the combining and consolidating adjustments and eliminations and the Issuer's consolidated accounts for the dates and periods indicated. For purposes of the following combining and consolidating information, the Issuer's Investments in its subsidiaries and the Guarantor Subsidiaries' investments in its subsidiaries are accounted for under the equity method of accounting.

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CONDENSED CONSOLIDATING BALANCE SHEET

	March 31, 2013				
	Issuer	Guarantors Subsidiaries	Non-Guarantors Subsidiaries	Combining and Consolidated Adjustments	Total
ASSETS					
Current assets					
Cash and cash equivalents	$302,901	$101,187	$—	$—	$404,088
Accounts receivable	350,506	312,340	—	—	662,846
Inventories	717,071	733,447	—	—	1,450,518
Other current assets	23,637	4,953	—	—	28,590
Due from related parties	8,370,946	10,480,686	—	(18,851,632)	—
Total current assets	9,765,061	11,632,613	—	(18,851,632)	2,546,042
Property, plant and equipment, net	32,114	1,626,177	—	—	1,658,291
Investment in subsidiaries	1,427,015	—	—	(1,427,015)	—
Deferred charges and other assets, net	30,624	160,981	—	—	191,605
Total assets	$11,254,814	$13,419,771	$—	$(20,278,647)	$4,395,938
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable	$237,276	$238,944	$—	$—	$476,220
Accrued expenses	523,317	615,135	—	—	1,138,452
Deferred revenue	—	212,347	—	—	212,347
Due to related parties	8,027,994	10,836,155	—	(18,851,639)	12,510
Total current liabilities	8,788,587	11,902,581	—	(18,851,639)	1,839,529
Delaware Economic Development Authority loan	—	16,000	—	—	16,000
Long-term debt	666,768	44,780	—	—	711,548
Other long-term liabilities	3,208	29,395	—	—	32,603
Total liabilities	9,458,563	11,992,756	—	(18,851,639)	2,599,680
Commitments and contingencies					
EQUITY					
Member's equity	930,631	664,640	—	(664,640)	930,631
Retained earnings (accumulated deficit)	874,669	763,937	—	(763,930)	874,676
Accumulated other comprehensive loss	(9,049)	(1,562)	—	1,562	(9,049)
Total equity	1,796,251	1,427,015	—	(1,427,008)	1,796,258
Total liabilities and equity	$11,254,814	$13,419,771	$—	$(20,278,647)	$4,395,938

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16. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF HOLDING

CONDENSED CONSOLIDATING BALANCE SHEET

	December 31, 2012				
	Issuer	Guarantors Subsidiaries	Non-Guarantors Subsidiaries	Combining and Consolidated Adjustments	Total
ASSETS					
Current assets					
Cash and cash equivalents	$241,926	$12,365	$—	$—	$254,291
Accounts receivable	306,999	196,797	—	—	503,796
Inventories	664,225	832,894	—	—	1,497,119
Other current assets	8,835	4,553	—	—	13,388
Due from related parties	6,770,893	8,105,364	—	(14,861,536)	14,721
Total current assets	7,992,878	9,151,973	—	(14,861,536)	2,283,315
Property, plant and equipment, net	28,200	1,607,387	—	—	1,635,587
Investment in subsidiaries	945,622	—	—	(945,622)	—
Deferred charges and other assets, net	31,081	166,268	—	—	197,349
Total assets	$8,997,781	$10,925,628	$—	$(15,807,158)	$4,116,251
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable	$197,624	$162,433	$—	$—	$360,057
Accrued expenses	363,536	662,382	—	—	1,025,918
Deferred revenue	—	210,543	—	—	210,543
Due to related parties	6,016,505	8,845,031	—	(14,861,536)	—
Total current liabilities	6,577,665	9,880,389	—	(14,861,536)	1,596,518
Delaware Economic Development Authority loan	—	20,000	—	—	20,000
Long-term debt	666,538	43,442	—	—	709,980
Other long-term liabilities	1,924	36,175	—	—	38,099
Total liabilities	7,246,127	9,980,006	—	(14,861,536)	2,364,597
Commitments and contingencies					
EQUITY					
Member's equity	930,098	664,108	—	(664,108)	930,098
Retained earnings (accumulated deficit)	830,497	283,076	—	(283,076)	830,497
Accumulated other comprehensive loss	(8,941)	(1,562)	—	1,562	(8,941)
Total equity	1,751,654	945,622	—	(945,622)	1,751,654
Total liabilities and equity	$8,997,781	$10,925,628	$—	$(15,807,158)	$4,116,251

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PBF ENERGY INC. AND
PBF HOLDING COMPANY LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT SHARE, UNIT AND BARREL DATA)

16. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF HOLDING

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31, 2013				
	Issuer	Guarantors Subsidiaries	Non-Guarantors Subsidiaries	Combining and Consolidated Adjustments	Total
Revenues	$3,053,792	$3,513,490	$—	$(1,769,435)	$4,797,847
Costs and expenses					
Cost of sales, excluding depreciation	3,407,534	2,797,002	—	(1,769,435)	4,435,101
Operating expenses, excluding depreciation	—	206,015	—	—	206,015
General and administrative expenses	26,445	3,649	—	—	30,094
Depreciation and amortization expense	2,823	23,709	—	—	26,532
	3,436,802	3,030,375	—	(1,769,435)	4,697,742
Income (loss) from operations	(383,010)	483,115	—	—	100,105
Other income (expenses)					
Equity in earnings (loss) of subsidiaries	480,866	—	—	(480,866)	—
Change in fair value of catalyst lease	—	(1,339)	—	—	(1,339)
Interest expense, net	(20,701)	(910)	—	—	(21,611)
Net income (loss)	$77,155	$480,866	$—	$(480,866)	$77,155
Consolidated statements of comprehensive income (loss)					
Net income (loss)	$77,155	$480,866	$—	$(480,866)	$77,155
Other comprehensive income:			—		
Amortization of defined benefit plans unrecognized net loss:	(108)	—	—	—	(108)
Total other comprehensive loss:	(108)	—	—	—	(108)
Comprehensive income (loss)	$77,047	$480,866	$—	$(480,866)	$77,047

PBF ENERGY INC. AND
PBF HOLDING COMPANY LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT SHARE, UNIT AND BARREL DATA)

16. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF HOLDING

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended March 31, 2012				
	Issuer	Guarantors Subsidiaries	Non-Guarantors Subsidiaries	Combining and Consolidated Adjustments	Total
Revenues	$720,619	$4,343,123	$ —	$(347,636)	$4,716,106
Costs and expenses					
Cost of sales, excluding depreciation	806,861	4,200,968	—	(347,636)	4,660,193
Operating expenses, excluding depreciation	—	188,143	—	—	188,143
General and administrative expenses	11,956	1,858	—	—	13,814
Gain on sale of asset	—	(2,503)	—	—	(2,503)
Depreciation and amortization expense	1,550	18,992	—	—	20,542
	820,367	4,407,458	—	(347,636)	4,880,189
Income (loss) from operations	(99,748)	(64,335)	—	—	(164,083)
Other income (expenses)					
Equity in earnings (loss) of subsidiaries	(81,506)	—	—	81,506	—
Change in fair value of catalyst lease	—	(6,348)	—		(6,348)
Change in fair value of contingent consideration	—	(692)	—		(692)
Interest expense, net	(21,277)	(10,131)	—		(31,408)
Net income (loss)	$(202,531)	$(81,506)	$ —	$81,506	$(202,531)
Consolidated statements of comprehensive income (loss)					
Net income (loss)	$(202,531)	$(81,506)	$ —	$81,506	$(202,531)
Other comprehensive income:					
Unrealized gain on available for sale securities	(3)	(3)	—	3	(3)
Amortization of defined benefit plans unrecognized net gain:	17	—	—	—	17
Total other comprehensive income:	14	(3)	—	3	14
Comprehensive income (loss)	$(202,517)	$(81,509)	$ —	$81,509	$(202,517)

PBF ENERGY INC. AND
PBF HOLDING COMPANY LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT SHARE, UNIT AND BARREL DATA)

16. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF HOLDING

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOW

	Three Months Ended March 31, 2013				
	Issuer	Guarantors Subsidiaries	Non-Guarantors Subsidiaries	Combining and Consolidated Adjustments	Total
Cash flows from operating activities					
Net income (loss)	$77,155	$480,866	$ —	$(480,866)	$77,155
Adjustments to reconcile net income to net cash from operating activities:					
Depreciation and amortization	4,391	23,751	—	—	28,142
Stock based compensation	—	1,020	—	—	1,020
Change in fair value of catalyst lease obligation	—	1,339	—	—	1,339
Non-cash change in inventory repurchase obligations	—	(8,153)	—	—	(8,153)
Pension and other post retirement benefit costs	—	4,182	—	—	4,182
Equity in earnings of subsidiaries	(480,866)	—	—	480,866	—
Changes in operating assets and liabilities:					
Accounts receivable	(43,507)	(115,543)	—	—	(159,050)
Inventories	(52,846)	74,906	—	—	22,060
Other current assets	(14,802)	(400)	—	—	(15,202)
Accounts payable	39,652	76,511	—	—	116,163
Accrued expenses	159,378	(4,309)	—	—	155,069
Deferred revenue	—	1,804	—	—	1,804
Amounts due to/from related parties	411,435	(384,204)	—	—	27,231
Other assets and liabilities	1,430	(10,531)	—	—	(9,101)
Net cash from operating activities	101,420	141,239	—	—	242,659
Cash flows from investing activities					
Expenditures for property, plant and equipment	(6,736)	(49,416)	—	—	(56,152)
Expenditures for refinery turnarounds costs	—	(2,166)	—	—	(2,166)
Expenditures for other assets	—	(835)	—	—	(835)
Net cash used in investing activities	(6,736)	(52,417)	—	—	(59,153)
Cash flows from financing activities					
Distribution to members	(32,976)	—	—	—	(32,976)
Deferred financing costs and other	(733)	—	—	—	(733)
Net cash used in financing activities	(33,709)	—	—	—	(33,709)

Net increase in cash and cash equivalents	60,975	88,822	—	—	149,797
Cash and equivalents, beginning of period	241,926	12,365	—	—	254,291
Cash and equivalents, end of period	$302,901	$101,187	$ —	$—	$404,088

PBF ENERGY INC. AND
PBF HOLDING COMPANY LLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT SHARE, UNIT AND BARREL DATA)

16. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF PBF HOLDING

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOW

	Three Months Ended March 31, 2012				
	Issuer	Guarantors Subsidiaries	Non-Guarantors Subsidiaries	Combining and Consolidated Adjustments	Total
Cash flows from operating activities					
Net income (loss)	$(202,531)	$(81,506)	$ —	$81,506	$(202,531)
Adjustments to reconcile net income to net cash from operating activities:					
Depreciation and amortization	2,760	18,992	—	—	21,752
Stock based compensation	—	507	—	—	507
Change in fair value of catalyst lease obligation	—	6,348	—	—	6,348
Change in fair value of contingent consideration	—	692	—	—	692
Non-cash change in inventory repurchase obligations	—	(19,690)	—	—	(19,690)
Write off of unamortized deferred financing fees	4,391	—	—	—	4,391
Gain on sale of assets	—	(2,503)	—	—	(2,503)
Pension and other post retirement benefit costs	—	2,443	—	—	2,443
Equity in earnings of subsidiaries	81,506	—	—	(81,506)	—
Changes in operating assets and liabilities:					
Accounts receivable	(470,445)	289,457	—	—	(180,988)
Inventories	(512,253)	566,397	—	—	54,144
Other current assets	(15,709)	46,611	—	—	30,902
Accounts payable	12,065	50,821	—	—	62,886
Accrued expenses	21,876	(137,556)	—	—	(115,680)
Deferred revenue	—	76,043	—	—	76,043
Amounts due to/from related parties	489,773	(489,773)	—	—	—
Other assets and liabilities	(1,682)	(5,735)	—	—	(7,417)
Net cash used in operating activities	(590,249)	321,548	—	—	(268,701)
Cash flows from investing activities					
Expenditures for property, plant and equipment	(5,685)	(17,711)	—	—	(23,396)
Expenditures for refinery turnarounds costs	—	(14,041)	—	—	(14,041)
Expenditures for other assets	—	(4,890)	—	—	(4,890)
Proceeds from sale of assets	—	3,211	—	—	3,211

Net cash used in investing activities	(5,685)	(33,431)	—	—	(39,116)
Cash flows from financing activities					
Proceeds from senior secured notes	665,806	—	—	—	665,806
Proceeds from long-term debt	255,000	—	—	—	255,000
Proceeds from catalyst lease	—	9,452	—	—	9,452
Proceeds from member contributions	250	—	—	—	250
Repayments of long-term debt	(308,750)	(342,294)	—	—	(651,044)
Deferred financing costs and other	(15,558)	—	—	—	(15,558)
Net cash (used in) provided by financing activities	596,748	(332,842)	—	—	263,906
Net (decrease) increase in cash and cash equivalents	814	(44,725)	—	—	(43,911)
Cash and equivalents, beginning of period	3,124	47,042	—	—	50,166
Cash and equivalents, end of period	$3,938				