

PBF Energy Inc.  
Form S-1/A  
May 14, 2012  
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As filed with the Securities and Exchange Commission on May 14, 2012

Registration Statement No. 333-177933

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

**Amendment No. 2**  
**to**  
**FORM S-1**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

**PBF ENERGY INC.**

(Exact name of Registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>2911</b> (Primary Standard Industrial Classification Code Number)	<b>45-3763855</b> (I.R.S. Employer Identification Number)
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**Parsippany, New Jersey 07054**  
**Telephone: (973) 455-7500**

(Name, address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer "

Accelerated Filer "

Non-accelerated Filer

Smaller Reporting Company "

(Do not check if a smaller reporting company)

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Proposed maximum aggregate offering price<sup>(1)(2)</sup></b>	<b>Amount of registration fee</b>
Class A common stock, par value \$0.001 per share	\$100,000,000	\$11,460.00 <sup>(3)</sup>

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- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.
- (2) Includes shares of Class A common stock subject to underwriters' option to purchase additional shares of Class A common stock.
- (3) Previously paid.

**The Registrant hereby amends this registration statement on such date as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

Prospectus (Subject to completion)

Issued May 14, 2012

## Shares

### Class A Common Stock

PBF Energy Inc. is offering shares of its Class A common stock. We intend to use a significant portion of the net proceeds from this offering to purchase equity interests in our business from our existing owners, including certain of our directors, executive officers and other employees. Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price of our Class A common stock is expected to be between \$      and \$      per share.

Immediately following this offering, the holders of our Class A common stock will collectively own 100% of the economic interests in PBF Energy Inc., and have      % of the voting power of PBF Energy Inc. The holders of our Class B common stock will have the remaining      % of the voting power of PBF Energy Inc. As a result, we expect to be a      controlled company      within the meaning of the corporate governance standards of the New York Stock Exchange.

We have applied to list our Class A common stock on the New York Stock Exchange under the symbol      PBF      .

**Investing in our Class A common stock involves risks. See Risk Factors beginning on page 16.**

	Price \$	Per Share	
			<b>Underwriting</b>
			<b>Discounts</b>
			<b>and</b>
			<b>Proceeds to</b>
			<b>Company</b>
			<b>Commissions</b>
			<b>Public</b>
Per Share	\$	\$	\$
Total	\$	\$	\$

We have granted the underwriters a 30-day option to purchase up to \_\_\_\_\_ additional shares of Class A common stock on the same terms as set forth above. See the section of this prospectus entitled "Use of Proceeds" and "Underwriting."

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities nor passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the shares on or about \_\_\_\_\_, 2012.

Citigroup  
Credit Suisse

Morgan Stanley  
Deutsche Bank Securities

UBS Investment Bank

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Until \_\_\_\_\_, 2012 (25 days after the commencement of this offering), all dealers that buy, sell or trade shares of our Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

We have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so.

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For investors outside the United States: we have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of Class A common stock and the distribution of this prospectus outside the United States.

Unless otherwise indicated or the context otherwise requires, all financial data presented in this prospectus reflects the consolidated business and operations of PBF Energy Inc. and its consolidated subsidiaries, and has been prepared in accordance with generally accepted accounting principles in the United States of America, or GAAP.

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**GLOSSARY OF SELECTED TERMS**

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

**API gravity** refers to American Petroleum Institute gravity.

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

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

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

**bpd** refers to an abbreviation for barrels per day.

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

**CBOB** refers to conventional blendstock for oxygenate blending.

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

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

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

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

**distillates** refers primarily to diesel, kerosene and jet fuel.

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

**EPA** refers to the United States Environmental Protection Agency.

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

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

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**FCC** refers to fluid catalytic cracking.

**FCU** refers to fluid coking unit.

**FOB** refers to free on board, a transportation term that pertains to the port of loading. The buyer assumes responsibility for the goods at the port of loading and is responsible for freight transport, insurance, and any other costs associated with moving goods to their final destination port.

**GHG** refers to greenhouse gas.

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

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

**KV** refers to Kilovolts.

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

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

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

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

**LPG** refers to liquefied petroleum gas.

**MMbbls** refers to an abbreviation for million barrels.

**MMBTU** refers to million British thermal units.

**MMSCFD** refers to million standard cubic feet per day.

**MW** refers to Megawatt.

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

**NYH** refers to the New York Harbor market value of petroleum products.

**PADD 1** refers to the Petroleum Administration for Defense District 1 region of the United States, which covers the following states: Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia and West Virginia.

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**PADD 2** refers to the Petroleum Administration for Defense District 2 region of the United States, which covers the following states: Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee and Wisconsin.

**Platts** refers to Platts, a division of The McGraw-Hill Companies.

**PPM** refers to parts per million.

**RBOB** refers to reformulated blendstock for oxygenate blending.

**refined products** refers to petroleum products, such as gasoline, diesel and jet fuel, that are produced by a refinery.

**sour crude oil** refers to a crude oil that is relatively high in sulfur content, requiring additional processing to remove the sulfur. Sour crude oil is typically less expensive than sweet crude oil.

**sweet crude oil** refers to a crude oil that is relatively low in sulfur content, requiring less processing to remove the sulfur than sour crude oil. Sweet crude oil is typically more expensive than sour crude oil.

**throughput** refers to the volume processed through a unit or refinery.

**turnaround** refers to a periodically required shutdown and comprehensive maintenance event to refurbish and maintain a refinery unit or units that involves the inspection of such units and occurs generally on a periodic cycle.

**ULSD** refers to ultra-low-sulfur diesel.

**WTI** refers to West Texas Intermediate crude oil, a light, sweet crude oil, typically characterized by an API gravity between 38° and 40° and a sulfur content of approximately 0.3 weight percent that is used as a benchmark for other crude oils.

**WTS** refers to West Texas Sour crude oil, a sour crude oil characterized by an API gravity between 30° and 33° and a sulfur content of approximately 1.28 weight percent that is used as a benchmark for other sour crude oils.

**yield** refers to the percentage of refined products that is produced from crude oil and other feedstocks.

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*This summary highlights selected information contained elsewhere in this prospectus and may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the information set forth in Risk Factors and our financial statements and related notes included elsewhere in this prospectus before making an investment decision. In this prospectus, unless the context otherwise requires, references to the Company, we, our, us or PBF refer (1) prior to the consummation of the Offering Transactions described under Organizational Structure Offering Transactions, to PBF Energy Company LLC, or PBF LLC, and its consolidated subsidiaries, including PBF Holding Company LLC, or PBF Holding, and (2) after the Offering Transactions described under Organizational Structure Offering Transactions, to PBF Energy Inc., or PBF Energy, and, in each case, unless the context otherwise requires, its consolidated subsidiaries, including PBF LLC, PBF Holding, PBF Investments LLC, or PBF Investments, Toledo Refining Company LLC, or Toledo Refining, Paulsboro Refining Company LLC, or Paulsboro Refining, and Delaware City Refining Company LLC, or Delaware City Refining.*

**Our Company**

We are one of the largest independent petroleum refiners and suppliers of unbranded transportation fuels, heating oil, petrochemical feedstocks, lubricants and other petroleum products in the United States. We were formed in 2008 to pursue acquisitions of crude oil refineries and downstream assets in North America. We currently own and operate three domestic oil refineries and related assets, which we acquired in 2010 and 2011. Our refineries have a combined processing capacity, known as throughput, of approximately 540,000 bpd, and a weighted average Nelson complexity index of 11.3.

**Our History and Acquisitions**

March 1, 2008	PBF was formed.
June 1, 2010	The idle Delaware City refinery and its related assets were acquired from Valero Energy Corporation, or Valero, for approximately \$220.0 million.
December 17, 2010	The Paulsboro refinery was acquired from Valero for approximately \$357.7 million, excluding working capital.
March 1, 2011	The Toledo refinery was acquired from Sunoco, Inc. (R&M), or Sunoco, for approximately \$400.0 million, excluding working capital.
October 2011	Delaware City became fully operational.
February 2012	PBF Holding sold \$675.5 million aggregate principal amount of 8.25% Senior Secured Notes due 2020.

*Delaware City Acquisition and Re-Start.* We acquired the idle Delaware City refinery and its related assets, including a petroleum product terminal, a petroleum products pipeline and an electric generation facility, on June 1, 2010 from Valero for approximately \$220.0 million in cash funded entirely by equity. In the fourth quarter of 2009, due to, among other reasons, financial losses caused by one of the worst recessions in recent history, the prior owner shut down the refinery. We were therefore able to acquire the refinery at an attractive price. In addition, at the time of acquisition, we reached an agreement with the State of Delaware that provided for a five-year operating permit and up to approximately \$45.0 million of economic support to re-start the facility, and negotiated a new long-term contract with the relevant union at the refinery. We believe that the refinery's ability to process lower quality crudes will allow us to capture a higher margin as these lower quality crudes trade at discounts to benchmark crudes, and to compete effectively in a region where product demand significantly exceeds refining capacity.



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Since our acquisition through December 31, 2011, we invested approximately \$465.0 million at the refinery in turnaround and re-start projects. We also decommissioned the gasifier unit located at the property, which will decrease emissions and, we believe, improve the reliability of the refinery. Through these capital investments and by restructuring certain operations, we have lowered the annual operating expenses of the Delaware City refinery relative to its pre-acquisition operating expense levels. Furthermore, we anticipate saving in excess of \$100.0 million over approximately the next five years in capital expenditures we otherwise would have expected to make if not for our reconfiguration of the refinery and the terms of our environmental operating agreement issued by the State of Delaware.

*Paulsboro Acquisition.* We acquired the Paulsboro refinery (including an associated natural gas pipeline) on December 17, 2010 from affiliates of Valero for approximately \$357.7 million, excluding working capital. The purchase price excludes inventory purchased on our behalf by Morgan Stanley Capital Group Inc., or MSCG, and Statoil Marketing & Trading (US) Inc., or Statoil. We invested approximately \$62.8 million in capital in early 2011 to complete a scheduled turnaround at the refinery.

*Toledo Acquisition.* We acquired the Toledo refinery on March 1, 2011 from Sunoco for approximately \$400.0 million, excluding working capital. We also purchased refined and certain intermediate products in inventory for approximately \$299.6 million, and MSCG purchased the refinery's crude oil inventory on our behalf. Additionally, included in the terms of the sale is a five-year participation payment of up to \$125.0 million payable to Sunoco based on future earnings of Toledo. See Management's Discussion and Analysis of Financial Condition and Results of Operations Pro Forma Contractual Obligations and Commitments for additional information regarding the terms of the participation payment to Sunoco.

**Our Business**

We produce a variety of products at each of our refineries, including gasoline, ULSD, heating oil, jet fuel, lubricants, petrochemicals and asphalt. Products are sold throughout the Northeast and Midwest United States, as well as in other regions of the United States and Canada. The majority of our finished products are sold through long-term offtake and supply agreements. For example, we sell the bulk of our gasoline, diesel and heating oil through long-term offtake agreements with MSCG and Sunoco.

The following table provides summary operating information concerning each of our three refineries:

Refinery	Approximate Throughput Capacity (bpd)	Nelson Complexity Index	Estimated Replacement Cost	Benchmark Crack Spread
Delaware City	190,000	11.3	\$3.5 billion	Dated Brent (NYH) 2-1-1
Paulsboro	180,000	13.2	\$2.9 billion	Dated Brent (NYH) 2-1-1
Toledo	170,000	9.2	\$2.6 billion	WTI  (Chicago) 4-3-1
<b>Total</b>	<b>540,000</b>	<b>11.3</b>	<b>\$9.0 billion</b>	

(weighted average)

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For the year ended December 31, 2011, we had (a) pro forma total revenues of \$16.0 billion and (b) pro forma Adjusted EBITDA of \$480.7 million. Our pro forma results do not include any adjustments for Delaware City to reflect incremental revenue and operating expenses that we expect to generate in connection with the re-start because the refinery was not operational when it was acquired and the transaction was accounted for as an acquisition of assets, not a business combination. For a definition and reconciliation of pro forma Adjusted EBITDA to pro forma net income, see Summary Historical and Pro Forma Financial and Other Data.

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### **Industry Overview and Market Outlook**

The United States economy has historically been the largest consumer of petroleum-based products in the world. According to the U.S. Energy Information Administration's, or EIA's, 2011 Refinery Capacity Report, there were 137 operating oil refineries in the United States in January 2011, with a total refining capacity of approximately 16.9 million bpd.

Historically, the demand for refined petroleum products has generally followed industrial production. Demand was significantly impacted by the recent recession with demand in the United States for finished petroleum products reaching near-term lows in 2009. Demand for refined products has generally started to recover since 2009, as industrial production has slowly rebounded. This improvement, coupled with domestic refining capacity rationalization, led to an improvement in benchmark cracks in 2011. The Dated Brent (NYH) 2-1-1 benchmark crack, our proxy for Paulsboro and Delaware City, averaged \$9.93 per barrel over the period from January 1, 2011 to December 31, 2011, a 20.5% improvement over the 2009 average. The WTI (Chicago) 4-3-1 benchmark crack, our proxy for Toledo, averaged \$24.14 per barrel over the period from January 1, 2011 to December 31, 2011, a 180.1% increase versus the same average crack spread in 2009. In addition to the economic recovery, an additional driver for the improvement in the WTI (Chicago) 4-3-1 crack was a widened differential between WTI and Dated Brent, with WTI trading \$16.22 below Dated Brent on average for the period from January 1, 2011 to December 31, 2011. The recent WTI price dynamic has been impacted by current supply bottlenecks and the announcement of future infrastructure projects in Cushing, Oklahoma, as well as other factors we discuss in [Industry Overview](#) [Market Trends](#) [Brent-WTI Differential Expansion](#).

Petroleum refining is an industry that has seasonal influences as a result of differentiated consumer demand for key refined products during certain months of the year. Most importantly, demand for gasoline is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and construction work. Decreased demand during the winter months can lower gasoline prices. Consequently, refining margins and profitability have historically generally been stronger in the second and third calendar quarters of each year relative to the first and fourth calendar quarters.

Supply and demand dynamics can vary by region, creating differentiated margin opportunities at any given time for refiners depending on the location of their facilities. Our Delaware City and Paulsboro refineries are both located on the East Coast (PADD 1) and our Toledo refinery is located in the Midcontinent (PADD 2). In both of these regions, product demand exceeds refinery capacity. We expect that this demand/capacity imbalance may continue.

Light-heavy differentials were also significantly impacted by the recent recession and subsequent economic rebound. The Dated Brent/Maya differential averaged \$13.02 per barrel in 2008, declined significantly to \$5.00 per barrel in 2009 and subsequently increased to \$9.27 per barrel in 2010 and then to \$12.63 per barrel in 2011. As global economic demand for crude oil increases, the marginal barrel of crude oil produced is generally a heavier, more sour crude since the light sweet crude oil is produced first. The increased demand for crude oil results in the price of light sweet crude increasing relative to heavier, more sour crudes. As the price differential for such light, sweet crudes increases, the light-heavy differential expands. This differential expansion typically favors refiners with complex facilities, like our East Coast refineries, who are able to process a heavier crude slate.

Further, our midcontinent Toledo refinery benefits from the widening of the differential between Dated Brent and WTI. Historically, Dated Brent has traded at a slight discount to WTI domestically, due to its higher sulfur content and higher transportation costs. Recently, Dated Brent has traded at a significant premium to WTI. The primary driver of this recent phenomenon is increasing inland domestic/Canadian oil production leading to large inventories of WTI based crude oil being subject to logistics constraints in the Midcontinent, with the



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primary bottleneck occurring in Cushing, Oklahoma. The over-supply of WTI at Cushing has driven the price of WTI lower, while the price of Dated Brent has increased along with global demand and the loss of supply of light, sweet crude from Libya. The Dated Brent/WTI differential averaged (\$2.81) per barrel in the year ended December 31, 2008, compared to (\$0.25) per barrel in the same period in 2009 and \$0.05 per barrel in 2010. The Dated Brent/WTI differential averaged \$16.22 per barrel in 2011. We expect Dated Brent to continue to trade at a premium to WTI in the near-term due to continued logistics constraints, however infrastructure projects, if completed, such as the construction of the proposed Keystone XL pipeline and the pending Seaway pipeline reversal will likely alleviate the Cushing bottleneck in the longer term and reduce the favorable Dated Brent/WTI differential in the Midcontinent.

## **Our Competitive Strengths**

We believe that we have the following competitive strengths:

*Complex assets with a valuable product slate located in high-demand regions.* Our refinery assets are located in regions where product demand exceeds refining capacity. Our refineries have a weighted average Nelson complexity index of 11.3, which allows us the flexibility to process a variety of crudes. Our East Coast refineries have the highest Nelson complexity indices on the East Coast. The complexity of our refining assets allows us to produce a higher percentage of more valuable light products. For example, our East Coast refineries produce a greater percentage of distillates versus gasoline than other East Coast refineries and have 100% of the East Coast's heavy coking capacity. Similarly, our Toledo refinery is a high conversion refinery with high gasoline and distillate yields and also produces high-value petrochemical products.

*Strategically located refineries with cost and supply advantages.* Our Midcontinent Toledo refinery advantageously sources 100% of its WTI based crude slate through pipelines that are connected to sources in Canada and throughout the Midcontinent. Recent increases in production volumes of crudes from Canada and the Midcontinent combined with limitations on takeaway capacity in Cushing, Oklahoma have resulted in a price discount for WTI based crudes compared to Brent based crudes. While projects to increase takeaway capacity at Cushing may decrease the WTI/Brent price differential in the longer term, we believe that our access to WTI based crudes at Toledo provides us with a cost advantage versus facilities that do not have similar access to such crudes and must process Brent based feedstocks. Our Toledo refinery is also located in a region where production capacity is less than product demand and has logistical advantages over product imported from other areas. Our Delaware City and Paulsboro refineries have similar supply advantages given that they obtain 100% of their crude oil requirements via the Delaware River, which allows our refineries to source a variety of crudes from around the world. In addition, our East Coast refineries generally process lower cost, heavier, more sour crude oils which gives us a cost advantage over other refineries in the same region. As the two most complex refineries on the East Coast, our Delaware City and Paulsboro refineries are well positioned to benefit from the continued rationalization of refining capacity in the Atlantic Basin. Additionally, future crude supply may emerge from the development of the Utica Shale play (located in portions of the Appalachian Basin and Canada), which could potentially bring significant oil production online in regional proximity to all three of our refineries, providing an attractive feedstock source with low associated transportation cost.

*Significant scale and diversification.* We currently operate three refineries with a combined crude throughput of 540,000 bpd making us the fifth largest independent refiner in the United States. Our refineries provide us diversification through crude slates, end products, customers and geographic locations. Our scale provides us buying power advantages, and we benefit from the cost efficiencies that result from operating three large refineries.

*Recent capital investments and restructuring initiatives to improve financial returns.* Prior owners of our refineries made over \$2.5 billion of capital investments in the assets since 2006, improving their operating performance and minimizing the need for near-term capital expenditures. Since our acquisition through December 31, 2011, we invested approximately \$465.0 million at the Delaware City refinery in turnaround and re-start projects that will



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improve the cost structure and profitability of the refinery, as well as a complete turnaround of the fluid catalytic cracking unit. We have also undertaken a significant restructuring of the operations at Delaware City to improve its operating cost position, including reductions in labor costs compared to operations before shutdown by Valero, reductions in energy costs and reductions in other ongoing operating and maintenance expenses. Management estimates that the Delaware City restructuring has reduced the refinery's annual operating expenses by over \$200.0 million relative to pre-acquisition operating expense levels. Additionally, we invested approximately \$62.8 million to complete a scheduled turnaround at Paulsboro in early 2011. The resulting combination of limited near-term capital requirements and improved operating cost structure will help maximize future financial performance.

*Limited exposure to historical environmental claims.* We believe we have limited exposure to historical environmental claims at our refineries. In connection with the acquisitions of our refineries, subject to certain limitations, the prior owners generally have retained responsibility for environmental liabilities for all periods prior to our ownership. Accordingly, with certain exceptions, we should only be responsible for environmental liabilities starting from when we acquired these refineries, or to the extent the prior owners fail to satisfy their obligations to us with respect thereto.

*Advantageous crude supply and product offtake agreements.* We maintain strong commercial relationships, including with MSCG and Statoil. We have entered into a crude oil acquisition agreement with MSCG for our Toledo refinery and product offtake agreements with MSCG for our Paulsboro and Delaware City refineries. We have also entered into crude and feedstock supply agreements with Statoil for our Delaware City and Paulsboro refineries. These agreements, which were put in place to facilitate our rapid growth and transition from a development stage organization to an operating entity, enable us to leverage each of MSCG's and Statoil's global scale and infrastructure, as well as each of their respective expertise in the sourcing of crude oil and the sale of finished products. These financing arrangements with MSCG and Statoil, which include advantageous payment terms, have enabled us to maintain relatively low working capital requirements and provided financial flexibility across our capital structure as we executed our rapid growth in 2010 and 2011. Our agreements with MSCG expire in June 2013 (subject to annual renewals and certain early termination rights) and with Statoil for Delaware City in December 2012 (subject to Statoil having an option to extend for up to three additional years) and for Paulsboro by either party at any time upon six months prior notice to the other party.

*Experienced management team with a demonstrated track record of acquiring, integrating and operating refining assets.* Our management team is led by our Executive Chairman of the Board of Directors, Thomas D. O'Malley, who has more than 30 years experience in the refining industry. In addition, our executive management team, including our Chief Executive Officer, Thomas J. Nimbley, our President, Michael D. Gayda, and our head of Commercial Operations, Donald F. Lucey, has a proven track record of successfully operating refining assets in the United States and Europe. Our core management team has significant experience working together, including while at Tosco Corporation and Premcor Inc. These executives have a long history of acquiring refineries at attractive prices and integrating these operations into a single, consolidated platform. For example, we believe we acquired the Paulsboro, Delaware City and Toledo refineries at or near the bottom of the refining cycle at a small fraction of replacement cost. These acquisitions were made at lower prices on a per barrel basis and significantly lower prices on a complexity barrel basis than other comparable acquisitions over the past five years.

*Support from strong financial sponsors and management with a substantial investment.* Our financial sponsors, funds affiliated with The Blackstone Group L.P., or Blackstone, and First Reserve Management, L.P., or First Reserve, have a long history of successful investments across the energy industry. Together, our financial sponsors and management have invested approximately \$922.6 million of equity in PBF LLC to date, with management investing over \$25.0 million. In addition, Thomas D. O'Malley, our Executive Chairman of the Board of Directors, certain of his affiliates and family members, and certain of our other executives, purchased \$25.5 million aggregate principal amount of senior secured notes in the notes offering described under Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Senior Secured Notes Offering.

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### **Our Business Strategy**

Our primary goal is to create stockholder value by improving our market position as one of the largest independent refiners and suppliers of petroleum products in the United States. We intend to execute the following strategies to achieve our goal:

*Maintain efficient refinery operations.* We intend to operate our refineries as reliably and efficiently as possible and further improve our operations by maintaining our costs at competitive levels, seeking to optimize utilization of our refinery asset base, and making focused high-return capital improvements designed to generate incremental profits.

*Continue to improve overall operating efficiencies.* We are continuously looking for ways to improve our overall operating efficiencies. For example, our refineries in Paulsboro and Delaware City are located approximately 30 miles apart from one another on the Delaware River. Both refineries have the capability to process heavy, sour crudes and have complementary operating units, and we intend to exchange certain feedstocks and intermediates between the refineries in an effort to optimize profitability. In addition, we expect to recognize cost savings associated with the sharing of crude oil cargoes for these refineries. We employ a small, centralized corporate staff that provides capital control and oversight and have experienced managers making operational decisions at our refineries.

*Continue to grow through acquisitions and internal projects.* We believe that the continuing consolidation in our industry, the strategic divestitures by major integrated oil companies and the rationalization of specific refinery assets by merging companies will present us with attractive acquisition opportunities. In selecting future acquisitions and internal projects, we intend to consider, among other things, the following criteria: performance through the cycle, access to advantageous crude supplies, attractive refined product end market fundamentals, access to storage, distribution and logistics infrastructure, acquisition price and our ability to maintain a conservative capital structure, and synergies with existing assets.

*Promote operational excellence in reliability and safety.* We will continue to devote significant time and resources toward improving the reliability and safety of our operations. We will seek to improve operating performance through our commitment to our preventive maintenance program and to employee training and development programs. We will continue to emphasize safety in all aspects of our operations. We believe that a superior reliability record, which can be measured and managed like all other aspects of our business, is inherently tied to safety and profitability.

*Create an organization highly motivated to maintain earnings and improve return on capital.* We have created an organization in which employees are highly motivated to maintain earnings and improve return on capital. Our cash incentive compensation plan, which covers all non-unionized employees, is solely based on achieving earnings above designated levels. Our equity incentive plan provides participating employees with an equity stake in us and aligns their interests with our investors' interests.

### **Risk Factors**

An investment in our Class A common stock involves a number of risks, including changes in industry-wide refining margins and crude oil price differentials, competition and other material factors, that could materially affect our business, financial condition and results of operations, and cause the trading price of our Class A common stock to decline. For a discussion of these risks and other considerations that could negatively affect us, including risks related to this offering and our Class A common stock, see [Risk Factors](#) and [Forward-Looking Statements](#).



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### **Corporate Structure and Financial Sponsors**

Following this offering we will be a holding company and our sole asset will be an equity interest in PBF LLC. We will be the sole managing member of PBF LLC and operate and control all of the business and affairs and consolidate the financial results of PBF LLC and its subsidiaries. PBF LLC is a holding company for the companies that directly or indirectly own and operate our business. Prior to this offering, each of Blackstone and First Reserve owned approximately 48% of the outstanding capital interests in PBF LLC (which we refer to as the PBF LLC Series A Units ), and Mr. O Malley, our other executive officers and directors and certain employees beneficially owned the remaining outstanding PBF LLC Series A Units (we refer to all of the holders of the PBF LLC Series A Units as our existing owners ). In addition, certain of our officers hold interests in PBF LLC, which were initially structured as profits interests (which we refer to as the PBF LLC Series B Units ) and certain of our existing owners and other employees hold options and warrants to purchase PBF LLC Series A Units.

Immediately prior to this offering, the limited liability company agreement of PBF LLC will be amended and restated to, among other things, designate PBF Energy as the sole managing member of PBF LLC and establish a new series of membership interests (which we refer to as the PBF LLC Series C Units ) which will be held by PBF Energy. Profits and losses of PBF LLC will be allocated, and all distributions generally will be made, pro rata to the holders of PBF LLC Series A Units (subject to the rights of the holders of PBF LLC Series B Units) and PBF LLC Series C Units. The PBF LLC Series A Units and the PBF LLC Series C Units are generally identical in all respects, except that the PBF LLC Series B Units share in the allocations of income and distributions that would otherwise be made to the holders of PBF LLC Series A Units (our existing owners), and therefore do not dilute the interests of the holders of PBF LLC Series C Units (PBF Energy) or the direct holders of our Class A common stock.

We also will enter into an exchange agreement with each of the holders of PBF LLC Series A Units and PBF LLC Series B Units. Pursuant to the amended and restated limited liability company agreement of PBF LLC and the exchange agreement, our existing owners will have the right to exchange their PBF LLC Series A Units for shares of our Class A common stock on a one-for-one basis, subject to equitable adjustments for stock splits, stock dividends and reclassifications, and further subject to the rights of the holders of PBF LLC Series B Units to receive a portion of the shares of Class A common stock that would otherwise be received by our existing owners upon such exchange. See Organizational Structure.

*Blackstone.* Blackstone is one of the world's leading investment and advisory firms and is an experienced and active investor in the energy and natural resources sector. Blackstone has substantial prior experience as an acquirer and owner of petroleum refineries, having acquired Premcor in 1997 and overseen several acquisitions and capital projects to expand and upgrade refining capacity of that company until its acquisition by Valero in 2005 for total consideration of approximately \$6.9 billion. Blackstone has a long-standing relationship with Thomas D. O Malley, having recruited him to serve as Chairman and Chief Executive Officer of Premcor in early 2002. Blackstone seeks to create positive economic impact and long-term value for its investors, the companies it invests in, the companies it advises and the broader global economy. Blackstone does this through the commitment of its extraordinary people and flexible capital. Blackstone's alternative asset management businesses include the management of private equity funds, real estate funds, hedge fund solutions, credit-oriented funds and closed-end mutual funds. Through its different investment businesses, as of March 31, 2012, Blackstone had total assets under management of approximately \$190.1 billion. Blackstone also provides various financial advisory services, including financial and strategic advisory, restructuring and reorganization advisory and fund placement services.

*First Reserve.* With over \$23.0 billion of raised capital dedicated exclusively to the energy and natural resources industries, First Reserve is a premier private investment firm, making both private equity and infrastructure investments throughout the energy value chain. For 29 years, it has invested solely in the global energy industry, and has developed a preeminent franchise, utilizing its broad base of specialized energy industry



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knowledge as a competitive advantage. First Reserve is currently investing its most recent private equity fund, which closed in 2009 at approximately \$9.0 billion and its most recent infrastructure fund, which closed in 2011 at approximately \$1.2 billion. First Reserve invests strategically across a wide range of energy industry sectors, backing talented management teams and building value by building companies.

\* \* \*

PBF Energy is a Delaware corporation incorporated on November 7, 2011 with its principal executive offices located at One Sylvan Way, Parsippany, NJ 07054 and our telephone number is (973) 455-7500. Our website address is <http://www.pbfenergy.com>. The information on our website is not part of this prospectus.

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**The Offering**

Class A common stock to be offered by PBF Energy	shares
Over-allotment option	shares
Class A common stock outstanding after the offering	shares (or shares if all outstanding PBF LLC Series A Units held by our existing owners were exchanged for newly-issued shares of Class A common stock on a one-for-one basis).
Class B common stock outstanding after the offering	shares, or one share for each holder of PBF LLC Series A Units.
Voting power held by holders of Class A common stock after the offering	% (or 100% if all outstanding PBF LLC Series A Units held by our existing owners were exchanged for newly-issued shares of Class A common stock on a one-for-one basis).
Voting power held by holder of Class B common stock after the offering	% (or 0% if all outstanding PBF LLC Series A Units held by our existing owners were exchanged for newly issued shares of Class A common stock on a one-for-one basis).
Use of proceeds	<p>The proceeds to PBF Energy from this offering, before deducting underwriting discounts, will be approximately \$ million (or \$ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock).</p> <p>PBF Energy intends to use \$ million of the proceeds from this offering to purchase PBF LLC Series A Units (which will be reclassified as PBF LLC Series C Units immediately prior to such acquisition) from our existing owners, including Blackstone and First Reserve and certain of our directors, executive officers and other employees, as described under Organizational Structure Offering Transactions. Accordingly, we will not retain any of these proceeds. See Principal Stockholders for further information.</p> <p>PBF Energy intends to use all of the remaining proceeds from this offering, or \$ million (or \$ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock), to purchase newly-issued PBF LLC Series C Units from PBF LLC, as described under Organizational Structure Offering Transactions. We intend to cause PBF LLC to use these proceeds to</p>

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pay the expenses of this offering, including aggregate underwriting discounts of \$        million (or \$        million if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and other offering expenses estimated at \$        million. Any remaining proceeds, including proceeds from the exercise by the underwriters of their option to purchase additional shares of Class A common stock, will be used for general corporate purposes, including to potentially repay amounts outstanding under our ABL Revolving Credit Facility. See Use of Proceeds.

Voting rights

Each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally.

Our existing owners hold all of the shares of Class B common stock. The shares of Class B common stock have no economic rights but entitle the holder, without regard to the number of shares of Class B common stock held, to a number of votes on matters presented to stockholders of PBF Energy that is equal to the aggregate number of PBF LLC Series A Units held by such holder. See Description of Capital Stock Class B Common Stock.

Holders of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law.

Dividend policy

We do not anticipate paying any cash dividends in the foreseeable future.

Exchange rights of holders of New Holdings Units

Prior to this offering, we will enter into an exchange agreement with the holders of PBF LLC Series A Units and PBF LLC Series B Units. Pursuant to the amended and restated limited liability company agreement of PBF LLC and the exchange agreement, our existing owners will have the right to exchange their PBF LLC Series A Units for shares of Class A common stock of PBF Energy on a one-for-one basis, subject to equitable adjustment for stock splits, stock dividends and reclassifications, and further subject to the rights of the holders of PBF LLC Series B Units to receive a portion of the shares of Class A common stock that would otherwise be received by our existing owners upon such exchange.

Risk factors

For a discussion of factors you should consider before buying the shares, see Risk Factors.

New York Stock Exchange symbol

PBF

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Unless we specifically state otherwise, all information in this prospectus:

assumes no exercise by the underwriters of their over-allotment option to purchase additional shares of our Class A common stock;

does not reflect shares of Class A common stock issuable upon exchange of PBF LLC Series A Units (or, if the underwriters exercise in full their option to purchase additional shares of Class A common stock, shares of Class A common stock issuable upon exchange of PBF LLC Series A Units) that will be held by our existing owners immediately following this offering;

gives effect to the senior secured notes offering in February 2012 and the use of the proceeds therefrom to repay our (a) \$200.0 million secured promissory note in favor of Sunoco from our acquisition of Toledo, or the Toledo Promissory Note, (b) \$160.0 million secured promissory note in favor of Valero from our acquisition of Paulsboro, or the Paulsboro Promissory Note, and (c) \$125.0 million Term Loan Credit Agreement with UBS AG, Stamford Branch, as administrative and collateral agent and certain other lenders, or the Term Loan Facility, as described under Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Senior Secured Notes Offering.

excludes (a) outstanding options and warrants to purchase 4,576,297 PBF LLC Series A Units, all at an exercise price of \$10.00 per unit, and (b) an additional shares authorized and reserved for issuance under our equity incentive plans, including shares issuable upon the exercise of stock options that we intend to grant to our officers and employees at the time of this offering. See Executive Compensation Compensation Discussion and Analysis Equity Compensation, Executive Compensation Compensation Discussion and Analysis 2012 Equity Incentive Plan and Certain Relationships and Related Transactions Investments in PBF LLC.

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**Summary Historical and Pro Forma Financial and Other Data**

The following table sets forth our summary historical and pro forma consolidated financial data at the dates and for the periods indicated. The historical financial data is that of PBF LLC. PBF LLC will be considered our predecessor for accounting purposes, and its consolidated financial statements will be our historical consolidated financial statements following this offering.

The summary historical consolidated financial data as of December 31, 2010 and 2011 and for the years ended December 31, 2009, 2010 and 2011 have been derived from audited financial statements of PBF LLC included elsewhere in this prospectus. The summary historical consolidated financial data for the period from March 1, 2008 (date of inception) through December 31, 2008 and as of December 31, 2008 and 2009 have been derived from audited financial statements of PBF LLC not included in this prospectus. As a result of the Paulsboro and Toledo acquisitions, the historical consolidated financial results of PBF LLC only include the results of operations for Paulsboro and Toledo from December 17, 2010 and March 1, 2011, respectively.

The summary unaudited pro forma consolidated financial data have been derived by the application of pro forma adjustments to the historical consolidated financial statements of PBF LLC included elsewhere in this prospectus. The summary unaudited pro forma consolidated statements of operations data for the year ended December 31, 2011 give effect to the acquisition of Toledo, the senior secured notes offering, the Offering Transactions (as described under *Organizational Structure* ), and the use of the estimated net proceeds from this offering as if they had occurred on January 1, 2011. The summary unaudited pro forma consolidated balance sheet data as of December 31, 2011 gives effect to the senior secured notes offering, the Offering Transactions and the use of the estimated net proceeds from this offering as if they had occurred on December 31, 2011.

You should read this information in conjunction with the consolidated financial statements of PBF LLC and the related notes thereto, and the statements of assets acquired and liabilities assumed and the related statements of revenues and direct expenses of Toledo and the related notes thereto, included elsewhere in this prospectus, and the sections entitled *Organizational Structure*, *Unaudited Pro Forma Consolidated Financial Statements*, *Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Selected Financial Data*. Our summary unaudited pro forma consolidated financial information is presented for informational purposes only. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. Our summary unaudited pro forma consolidated financial information does not purport to represent what our results of operations or financial position would have been if we operated as a public company during the periods presented and may not be indicative of our future performance.

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	<b>Period from March 1, 2008 (Date of Inception) through December 31, 2008<sup>(3)</sup></b>	<b>Year Ended December 31, 2009<sup>(3)</sup></b>	<b>Year Ended December 31, 2010 (in thousands)</b>	<b>Year Ended December 31, 2011</b>	<b>Pro Forma  Year Ended December 31, 2011</b>
<b>Statement of operations data:</b>					
<b>Revenues<sup>(1)</sup></b>	\$ 134	\$ 228	\$ 210,671	\$ 14,960,338	\$ 15,961,529
<b>Cost and expenses</b>					
Cost of sales, excluding depreciation			203,971	13,855,163	14,719,566
Operating expenses, excluding depreciation			25,140	658,831	699,557
General and administrative expenses	6,378	6,294	15,859	86,183	89,857
Acquisition related expenses <sup>(2)</sup>			6,051	728	172
Depreciation and amortization expense	18	44	1,402	53,743	57,952
	6,396	6,338	252,423	14,654,648	15,567,104
(Loss) income from operations	(6,262)	(6,110)	(41,752)	305,690	394,425
<b>Other (expense) income</b>					
Change in fair value of catalyst lease obligation			(1,217)	7,316	7,316
Change in fair value of contingent consideration				(5,215)	(5,215)
Interest income (expense), net	198	10	(1,388)	(65,120)	(95,662)
Other income					59
<b>Net (loss) income</b>	\$ (6,064)	\$ (6,100)	\$ (44,357)	\$ 242,671	\$ 300,923
Less Net loss attributable to the noncontrolling interest	(165)				
Net (loss) income attributable to PBF Energy Company LLC	\$ (6,229)	\$ (6,100)	\$ (44,357)	\$ 242,671	\$ 300,923
<b>Balance sheet data (at end of period):</b>					
Total assets	\$ 25,040	\$ 19,150	\$ 1,274,393	\$ 3,621,109	\$ 3,634,590
Total long-term debt <sup>(4)</sup>			325,064	804,865	824,260
Total equity	24,810	18,694	456,739	1,107,615	1,103,096
<b>Selected financial data:</b>					
Adjusted EBITDA <sup>(5)</sup>	\$ (6,244)	\$ (6,066)	\$ (28,699)	\$ 388,219	\$ 480,666
Capital expenditures <sup>(6)</sup>	\$ 118	\$ 70	\$ 72,118	\$ 551,544	551,544

- (1) \$4.8 million of the year ended December 31, 2010 revenues was directly related to terminalling revenues at our Delaware City refinery. Consulting services income provided to a related party was \$0, \$221 and \$98 for the years ended December 31, 2011, 2010 and 2009, respectively.
- (2) Acquisition related expenses consist of consulting and legal expenses related to the Paulsboro and Toledo acquisitions as well as non-consummated acquisitions.
- (3) December 31, 2008 and 2009 balance sheet data is that of PBF LLC. See footnote 1, Description of Business and Basis of Presentation, in the PBF LLC consolidated financial statements.
- (4) Total long-term debt includes our Delaware Economic Development Authority loan of \$20.0 million.
- (5) We believe Adjusted EBITDA is an important measure of operating performance and provides useful information to investors because it highlights trends in our business that may not otherwise be apparent when relying solely on GAAP measures and eliminates items that have less bearing on our operating performance.

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Adjusted EBITDA, as presented herein, is a supplemental measure of performance that is not required by, or presented in accordance with, GAAP. We use this non-GAAP financial measure as a supplement to our GAAP results in order to provide a more complete understanding of the factors and trends affecting our business. Adjusted EBITDA is a measure of operating performance that is not defined by GAAP and should not be considered a substitute for net income as determined in accordance with GAAP.

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Also, because Adjusted EBITDA is not calculated in the same manner by all companies, it is not necessarily comparable to other similarly titled measures used by other companies. Adjusted EBITDA has its limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of the limitations of Adjusted EBITDA are:

Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

Although depreciation and amortization are non-cash charges, the asset being depreciated or amortized often will have to be replaced and Adjusted EBITDA does not reflect the cash requirements for such replacements;

Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital requirements; and

Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to make payments of interest or principal on our indebtedness.

The following table reconciles net income (loss) to Adjusted EBITDA:

	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010	Year Ended December 31, 2011	Pro Forma Year Ended December 31, 2011
	(in thousands)				
Net income (loss)	(6,064)	\$ (6,100)	\$ (44,357)	\$ 242,671	\$ 301,077
Interest (income) expense, net	(198)	(10)	1,388	65,120	95,508
Depreciation and amortization	18	44	1,402	53,743	57,952
Stock based compensation			2,300	2,516	2,516
Acquisition related expenses(a)			6,051	728	172
Non-cash change in market value of inventory repurchase obligation(b)			2,043	18,771	18,771
Non-cash deferral of gross profit on finished product sales(c)			1,257	6,771	6,771
Change in fair value of catalyst lease obligation(d)			1,217	(7,316)	(7,316)
Change in fair value of contingent consideration(e)				5,215	5,215
Adjusted EBITDA	(6,244)	\$ (6,066)	\$ (28,699)	\$ 388,219	\$ 480,666

(a) See footnote 2.

(b) Certain of our crude and feedstock supply agreements require that we repurchase inventory held by our counterparties at a future date at the then fair market value. We are required to record these repurchase obligations at their fair market value at the end of each reporting period. The change in fair market value based on changes in commodity prices is a non-cash charge or benefit included in cost of sales. We add back the impact of the change in market value of these future inventory repurchase obligations in arriving at Adjusted EBITDA to better reflect Adjusted EBITDA on a cash-basis.

(c) We sell our production of light finished products at our Paulsboro and Delaware City refineries to a single counterparty. On a daily basis, the counterparty purchases and pays for the products as they are produced, delivered to the refineries' storage tanks, and legal title passes to the counterparty. Revenue and gross profit on these product sales are deferred until the products are shipped out of our storage facility, which typically occurs within an average of six days. We add back the non-cash deferral of the gross profit on these product sales in arriving at Adjusted EBITDA to better reflect Adjusted EBITDA on a cash-basis.

(d) We entered into agreements pursuant to which certain precious metals catalyst located at our Delaware City and Toledo refineries were sold and leased back for three one-year periods. We have recorded these transactions as capital leases as we are required to repurchase the precious metals catalyst at its market value at lease termination. We elected the fair value option for accounting for the catalyst repurchase obligations and the change in fair value of the underlying precious metals is recorded in the income statement as a non-cash charge or benefit each reporting period. We add back

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the impact of the change in fair value of these future precious metal catalyst repurchase obligations in arriving at Adjusted EBITDA to better reflect Adjusted EBITDA on a cash-basis.

- (e) In connection with the Toledo acquisition, the seller will be paid an amount equal to 25% of the amount by which the purchased assets' EBITDA exceeds \$125.0 million in a given calendar year through 2016 (pro-rated for 2011 and 2016). The aggregate amount of such payments cannot exceed \$125.0 million. The purchased assets' EBITDA is calculated using calendar year earnings we have earned solely from the purchase of Toledo including reasonable direct and allocated overhead expenses, less any significant extraordinary or non-recurring expenses, and any fees or expenses incurred by us in connection with the Toledo

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acquisition. A charge or benefit is recorded each reporting period reflecting the change in the estimated fair value of the contingent consideration we expect to pay in connection with our acquisition of the Toledo refinery. We add back the impact of the change in fair value of the contingent consideration in arriving at Adjusted EBITDA to better reflect Adjusted EBITDA on a cash-basis.

- (6) Includes expenditures for construction in progress, property, plant and equipment and deferred turnaround costs.

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**RISK FACTORS**

*An investment in our Class A common stock involves a number of risks. You should carefully consider, in addition to the other information contained in this prospectus (including Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and related notes), the following risks before investing in our Class A common stock. These risks could materially affect our business, financial condition and results of operations, and cause the trading price of our Class A common stock to decline. You could lose part or all of your investment. You should bear in mind, in reviewing this prospectus, that past experience is no indication of future performance. You should read the section titled Forward-Looking Statements immediately following these risk factors for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this prospectus.*

**Risks Relating to Our Business and Industry**

*We have incurred losses in the past and may incur losses in the future. If we incur losses over an extended period of time, the value of our Class A common stock could decline.*

We experienced losses during our time as a development company. We reported a net loss for the year ended December 31, 2010. We only had substantial operations for a short period at the end of the year, following the acquisition of Paulsboro. We may not be able to realize profits. A lack of profitability could adversely affect the price of our Class A common stock. We may not continue to remain profitable, which could impair our ability to complete future financings and have a material adverse effect on our business.

*Our limited operating history makes it difficult to evaluate our current business and future prospects. If we are unsuccessful in executing our business model, our business and operating results will be adversely affected.*

We were formed in March 2008 and we acquired our first oil refinery in June 2010. Therefore, we have a limited operating history and track record in executing our business model. Our future success depends on our ability to execute our business strategy effectively. Our limited operating history may make it difficult to evaluate our current business and future prospects. We may not be successful in operating any of our refineries or any other properties we may acquire in the future. In addition, we have encountered and will continue to encounter risks and difficulties frequently experienced by new companies, and specifically companies in the oil refining industry. If we do not manage these risks successfully, our business, results of operations and financial condition will be adversely affected.

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

Our revenues, profitability, cash flows and liquidity from operations depend primarily on the margin above operating expenses (including the cost of refinery feedstocks, such as crude oil, intermediate partially refined petroleum products, and natural gas liquids that are processed and blended into refined products) at which we are able to sell refined products. Refining is primarily a margin-based business and, to increase profitability, it is important to maximize the yields of high value finished products while minimizing the costs of feedstock and operating expenses. When the margin between refined product prices and crude oil and other feedstock costs contracts, our earnings, profitability and cash flows are negatively affected. Refining margins historically have been volatile, and are likely to continue to be volatile, as a result of a variety of factors, including fluctuations in the prices of crude oil, other feedstocks, refined products and fuel and utility services. An increase or decrease

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in the price of crude oil will likely result in a similar increase or decrease in prices for refined products; however, there may be a time lag in the realization, or no such realization, of the similar increase or decrease in prices for refined products. The effect of changes in crude oil prices on our refining margins therefore depends in part on how quickly and how fully refined product prices adjust to reflect these changes.

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In addition, the nature of our business requires us to maintain substantial crude oil, feedstock and refined product inventories. Because crude oil, feedstock and refined products are commodities, we have no control over the changing market value of these inventories. Our crude oil, feedstock and refined product inventories are valued at the lower of cost or market value under the last-in-first-out ( LIFO ), inventory valuation methodology. If the market value of our crude oil, feedstock and refined product inventories were to decline to an amount less than our LIFO cost, we would record a write-down of inventory and a non-cash charge to cost of sales.

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

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

***Our historical financial statements may not be helpful in predicting our future performance.***

We have grown rapidly since our inception and have not owned or operated our refineries for a substantial period of time. Accordingly, our historical financial information may not be useful either as a means of understanding our current financial situation or as an indicator of our future results. For the period from March 1, 2008 to December 16, 2010, we were considered to be in the development stage. Our historical financial information for that period reflects our activities principally in connection with identifying acquisition opportunities; acquiring the Delaware City refinery assets and commencing a reconfiguration of the refinery; and acquiring the Paulsboro refinery. As a result of the Paulsboro and Toledo acquisitions, our historical consolidated financial results include the results of operations for Paulsboro and Toledo from December 17, 2010 and March 1, 2011 forward, respectively. Certain information in our financial statements and certain other financial data included in this prospectus are based in part on financial data related to, and the operations of, those companies that previously owned and operated our refineries. For example, at the time of its acquisition, Paulsboro represented the major portion of our business and assets. As a result, we separately present the financial statements of Paulsboro for periods prior to the acquisition date of December 17, 2010 as PBF LLC's Predecessor entity. Such information is not necessarily indicative of our future results of operations and financial performance. In addition, the financial statements presented in this prospectus for our Toledo refinery reflect a more limited Statement of Revenues and Direct Expenses and a Statement of Net Assets Acquired and Liabilities Assumed as opposed to full audited carve-out financial statements, which may not be indicative of the operating results and financial condition of the refinery had we been operating the refinery during the periods presented. As has been the case in our acquisitions to date, it is likely that, when we acquire refineries, we will not have access to the type of historical financial information that we will report regarding the prior operation of the refineries. As a result, it may be difficult for investors to evaluate the probable impact of major acquisitions on our financial performance until we have operated the acquired refineries for a substantial period of time.

***Our profitability is significantly affected by crude oil differentials, which fluctuate substantially.***

A significant portion of our profitability is derived from the ability to purchase and process crude oil feedstocks that historically have been cheaper than benchmark crude oils, such as the heavy, sour crude oils processed at our Delaware City and Paulsboro refineries and the WTI based crude oils processed at our Toledo



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refinery. These crude oil differentials vary significantly from quarter to quarter depending on overall economic conditions and trends and conditions within the markets for crude oil and refined products. Any change in these crude oil differentials may have an impact on our earnings. For example, the Dated Brent (NYH) 2-1-1 benchmark crack, our proxy for the Paulsboro and Delaware City refineries, has averaged \$9.93 per barrel over the period from January 1, 2011 to December 31, 2011, a 20.5% improvement over the 2009 average, which benefitted refineries, such as Delaware City and Paulsboro, which have the ability to process a heavier crude slate. Conversely, a narrowing of the light-heavy differential may reduce our refining margins and adversely affected our recent profitability and earnings. In addition, while our Toledo refinery benefits from a widening of the Dated Brent/WTI differential, a narrowing of this differential may result in our Toledo refinery losing a portion of its crude price advantage over certain of our competitors, which negatively impacts our profitability. Any further narrowing of these differentials could have a material adverse effect on our business and profitability.

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

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

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

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

***Our Toledo refinery is subject to interruptions of supply and distribution as a result of our reliance on pipelines for transportation of crude oil and refined products.***

Our Toledo refinery receives all of its crude oil and delivers a portion of its refined products through pipelines. The Enbridge system is our primary supply route for crude oil from Canada, the Bakken region and Michigan, and supplies approximately 55% to 60% of the crude oil used at our Toledo refinery. In addition, we source domestic crude oil through our connections to the Capline and Mid-Valley pipelines. We also distribute a portion of our transportation fuels through pipelines owned and operated by Sunoco Logistics Partners L.P. and Buckeye Partners L.P. We could experience an interruption of supply or delivery, or an increased cost of



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receiving crude oil and delivering refined products to market, if the ability of these pipelines to transport crude oil or refined products is disrupted because of accidents, weather interruptions, governmental regulation, terrorism, other third party action or any of the types of events described in the preceding risk factor.

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

***We rely on our crude oil supply agreements with MSCG and Statoil for all of our crude oil supply, and on MSCG to purchase a significant portion of our offtake. If these financing agreements are no longer in place or our counterparties do not perform their obligations in a timely manner, our liquidity may be reduced.***

We rely on a single supplier to provide us with crude and other feedstocks at each of our refineries. Statoil supplies 100% of the crude and other feedstocks at Paulsboro and Delaware City, and MSCG supplies 100% of the crude at Toledo. We also rely on a single customer, MSCG, to purchase a significant portion of the clean products and intermediates at our Delaware City and Paulsboro refineries. Additionally, Sunoco purchases approximately one-third of our gasoline and diesel production at our Toledo refinery. These supply and offtake agreements are governed by long-term agreements. Accordingly, we are substantially dependent on the continued performance by MSCG, Statoil and Sunoco of their contractual obligations to us under these agreements.

If we were required to obtain our crude oil supply without the benefit of these or similar supply arrangements or the applicable counterparty defaults in its obligations, our crude oil pricing costs may increase as the number of days between when we pay for the crude oil and when the crude oil is delivered to us increases. Such increased exposure could negatively impact our liquidity due to our increased working capital needs as a result of the increase in the amount of crude oil inventory we would have to carry on our balance sheet.

In addition, failure by any one of these customers to meet its obligations under these agreements could cause us to enter the spot market or seek to enter into new contracts for some products earlier than we currently anticipate. Our suppliers may not continue to so supply us, particularly in those cases where we do not have a supply contract in place. If one or more of our supply relationships is terminated for whatever reason or MSCG or Statoil fails to perform its obligations to us, it is possible that we would be unable to find alternative sources of crude oil supply in a timely fashion or on attractive terms.

***We have historically relied on the sellers of our refineries to perform certain critical transition services following the acquisitions, and such services may not be performed timely or effectively or we may not be able to replace such services with our own stand-alone systems, which we are currently in the process of implementing, following the transition period.***

Following the acquisitions of both Paulsboro and Toledo, we were relying upon Valero and Sunoco, respectively, for certain transition services related to the operation and continuity of the refineries as we continued to build the infrastructure required to operate these functions independently. These services included, among others, critical functions relating to finance and accounting, commercial and information systems support. We may also enter into similar agreements in the future with sellers of any additional refineries we acquire. Such services may not be performed timely and effectively. Significant disruption in these transition services or unanticipated costs related to such services could adversely affect our business and results of operations. Our arrangement with Valero for Paulsboro expired on December 31, 2011, and our

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arrangement with Sunoco for Toledo expired on April 30, 2012. If we cannot successfully transition these services to our own stand-alone systems, which we are currently in the process of implementing, we may be unable to continue running the refineries as presently or historically operated, which would adversely and negatively impact our business and

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results of operations. After the termination of these arrangements, we may encounter obstacles in becoming fully independent and may encounter difficulty in replacing certain of these transition services on substantially the same terms and conditions, including cost, as were in place prior to termination of the transition services.

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

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

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

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

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

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

Any political instability, military strikes, sustained military campaigns, terrorist activity, or changes in foreign policy in areas or regions of the world where we acquire crude oil and other raw materials or sell our refined petroleum products may affect our business in unpredictable ways, including forcing us to increase security measures and causing disruptions of supplies and distribution markets. We may also be subject to United States trade and economic sanctions laws, which change frequently as a result of foreign policy developments, and which may necessitate changes to our crude oil acquisition activities. Further, like other industrial companies, our facilities may be the target of terrorist activities. Any act of war or terrorism that resulted in damage to any of our refineries or third-party facilities upon which we are dependent for our business operations could have a material adverse effect on our business, results of operations and financial condition.

***The recent recession and credit crisis and related turmoil in the global financial system has had and may continue to have an adverse impact on the refining industry.***

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

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

***The geographic concentration of our East Coast refineries creates a significant exposure to the risks of the local economy and other local adverse conditions.***

Our East Coast refineries are both located in the mid-Atlantic region on the East Coast and therefore are vulnerable to economic downturns in that region. These refineries are located within a relatively limited geographic area and we primarily market our refined products in that area. As a result, we are more susceptible to regional conditions than the operations of more geographically diversified competitors and any unforeseen events or circumstances that affect the area could also materially adversely affect our revenues and profitability. These factors include, among other things, changes in the economy, weather conditions, demographics and population.

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

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

denial or delay in issuing regulatory approvals and/or permits;

unplanned increases in the cost of construction materials or labor;

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disruptions in transportation of modular components and/or construction materials;

severe adverse weather conditions, natural disasters or other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of vendors and suppliers;

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

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

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

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

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

***Our operating results are seasonal and generally lower in the first and fourth quarters of the year for our refining business.***

Demand for gasoline is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and construction work. Decreased demand during the winter months can lower gasoline prices. As a result, our operating results for the first and fourth calendar quarters may be lower than those for the second and third calendar quarters of each year.

***We may not be able to successfully execute our strategy of growth within the refining industry through acquisitions.***

A component of our growth strategy is to selectively consider strategic acquisitions within the refining sector based on performance through the cycle, advantageous access to crude oil supplies, attractive refined products market fundamentals and access to distribution and logistics infrastructure. Our ability to do so will be dependent upon a number of factors, including our ability to identify acceptable acquisition candidates, consummate acquisitions on acceptable terms, successfully integrate acquired assets and obtain financing to fund acquisitions and to support our growth and many other factors beyond our control. Risks associated with acquisitions include those relating to the diversion of management time and attention from our existing business, liability for known or unknown environmental conditions or other contingent liabilities and greater than anticipated expenditures required for compliance with environmental, safety or other regulatory standards or for investments to improve operating results, and the incurrence of additional indebtedness to finance acquisitions or capital expenditures relating to acquired assets.

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We may not be successful in acquiring additional assets, and any acquisitions that we do consummate may not produce the anticipated benefits or may have adverse effects on our business and operating results.

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

Our future success depends to a large extent on the services of our key senior executives and other key employees. Our business depends on our continuing ability to recruit, train and retain highly qualified employees

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in all areas of our operations, including engineering, accounting, business operations, finance and other key back-office and mid-office personnel. Furthermore, our operations require skilled and experienced employees with proficiency in multiple tasks. The competition for these employees is intense, and the loss of these executives or employees could harm our business. If any of these executives or other key personnel resigns or becomes unable to continue in his or her present role and is not adequately replaced, our business operations could be materially adversely affected.

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

As of December 31, 2011, approximately 287 of our 446 employees at Paulsboro are covered by a collective bargaining agreement that expires in March of 2015. In addition, 608 of our 936 employees at Delaware City and Toledo are covered by a collective bargaining agreement that is currently anticipated to expire in February of 2015. We may not be able to renegotiate our collective bargaining agreements on satisfactory terms or at all when such agreements expire. A failure to do so may increase our costs. Other employees of ours who are not presently represented by a union may become so represented in the future as well. In addition, our existing labor agreements may not prevent a strike or work stoppage at any of our facilities in the future, and any work stoppage could negatively affect our results of operations and financial condition.

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

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

the volumes of our actual use of crude oil or production of the applicable refined products is less than the volumes subject to the hedging arrangement;

accidents, interruptions in feedstock transportation, inclement weather or other events cause unscheduled shutdowns or otherwise adversely affect our refineries, or those of our suppliers or customers;

changes in commodity prices have a material impact on collateral and margin requirements under our hedging arrangements, including resulting in our being subject to margin calls;

the counterparties to our futures contracts fail to perform under the contracts; or

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

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

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

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based, thereby making the hedge less effective. For example, a NYMEX index used for hedging certain volumes of crude oil or refined products may have more or less variability than the cost or price for such crude oil or refined products. We generally do not expect to hedge the basis risk inherent in our derivatives contracts.

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

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

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

The United States Congress in 2010 adopted comprehensive financial reform legislation that establishes federal oversight and regulation of the over-the-counter derivatives market and entities that participate in that market. In November 2011, the Commodity Futures Trading Commission, or the CFTC, finalized regulations to set position limits for certain futures and option contracts in the major energy markets. The financial reform legislation may require us to comply with margin requirements and with certain clearing and trade-execution requirements. The financial reform legislation may also require the counterparties to our derivatives contracts to transfer or assign some of their derivatives contracts to a separate entity, which may not be as creditworthy as the current counterparty. The new legislation and any new regulations could significantly increase the cost of derivatives contracts (including through requirements to post collateral), materially alter the terms of derivatives contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivatives contracts, and increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Any of these consequences could have a material adverse effect on us, our financial condition and our results of operations.

*Our operations could be disrupted if our information systems fail, causing increased expenses and loss of sales.*

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

*We may have difficulty implementing our enterprise-wide information systems.*

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We are making a substantial investment in new enterprise-wide information systems, which we are in the process of completing. The systems may not function as we expect when subjected to the demands of our operations and our employees may have problems adapting to the new processes and procedures necessary to operate the new systems. If these systems do not function as expected during the implementation period or our employees are not able to comply with the process and procedural demands of the new systems, we could have

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difficulty, for example, procuring products, scheduling deliveries to our customers, invoicing our customers, paying our suppliers, managing our inventories, analyzing our performance and preparing financial statements. In addition, we could incur substantial additional expense if the implementation takes longer than currently planned. If we experience difficulty implementing our new enterprise-wide information systems, it could have a material adverse impact on our financial condition and results of operations.

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

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

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

Our refinery and pipeline operations are subject to federal, state and local laws regulating, among other things, the generation, storage, handling, use and transportation of petroleum and other regulated materials, the emission and discharge of materials into the environment, waste management, remediation of contaminated sites, characteristics and composition of gasoline and diesel and other matters otherwise relating to the protection of the environment. Our operations are also subject to various laws and regulations relating to occupational health and safety.

Compliance with the complex array of federal, state and local laws relating to the protection of the environment, product specification, health and safety is difficult. We may not be able to operate in compliance with all environmental, product specification, health and safety requirements at all times. Violations of applicable requirements could result in substantial fines and penalties, criminal sanctions, permit revocations, injunctions and/or facility shutdowns, or claims for alleged personal injury, property damage or damage to natural resources. Moreover, our business is subject to accidental spills, discharges or other releases of petroleum or other regulated materials into the environment including at neighboring areas or third party storage, treatment or disposal facilities. Certain environmental laws impose strict, and in certain circumstances, joint and several, liability for costs of investigation and cleanup of such spills, discharges or releases on owners and operators of, as well as persons who arrange for treatment or disposal of regulated materials at, contaminated sites. Under these laws, we may be required to pay more than our fair share of any required investigation or cleanup of such sites.

We cannot predict what additional environmental, product specification, health and safety legislation or regulations will be adopted in the future, or how existing or future laws or regulations will be administered or interpreted with respect to our operations. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance with these requirements can be expected to increase over time. For example, in 2010 New York State adopted a Low-Sulfur Heating Oil mandate that beginning July 1, 2012 will require all heating oil sold in New York State to contain no more than 15 PPM sulfur. We currently do not produce heating oil that meets this specification. Expenditures or costs for environmental, product specification, health and safety compliance could have a material adverse effect on our results of operations, financial condition and profitability.

We may also incur liability or be required to pay penalties for past contamination, and third parties may assert claims against us for damages allegedly arising out of any past or future contamination. The potential penalties and clean-up costs for past or future releases or spills, the failure of prior owners of our facilities to complete their clean-up obligations, the liability to third parties for damage to their property, or the

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need to address newly-discovered information or conditions that may require a response could be significant, and the payment of these amounts could have a material adverse effect on our business, financial condition and results of operations.

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Furthermore, we operate in environmentally sensitive coastal waters where tanker, pipeline and refined product transportation operations are closely regulated by federal, state and local agencies and monitored by environmental interest groups.

Finally, transportation of crude oil and refined products over water involves inherent risk and subjects us to the provisions of the Federal Oil Pollution Act of 1990 and the laws of various states. Among other things, these laws require us to demonstrate in some situations our capacity to respond to a worst case discharge to the maximum extent possible. There may be accidents involving tankers transporting crude oil or refined products, and response service companies that we have contracted with, in the areas in which we transport crude oil and refined products, may not respond to a worst case discharge in a manner that will adequately contain that discharge, and we may be subject to liability in connection with a discharge.

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

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

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

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

Both houses of Congress have actively considered legislation to reduce emissions of GHGs, such as carbon dioxide and methane, including proposals to: (i) establish a cap and trade system, (ii) create a federal renewable energy or clean energy standard requiring electric utilities to provide a certain percentage of power from such sources, and (iii) create enhanced incentives for use of renewable energy and increased efficiency in energy supply and use. In addition, the EPA is taking steps to regulate GHGs under the existing federal Clean Air Act, or CAA. The EPA has already adopted regulations limiting emissions of GHGs from motor vehicles, addressing the permitting of GHG emissions from stationary sources, and requiring the reporting of GHG emissions from specified large GHG emission sources, including refineries. These and similar regulations could require us to incur costs to monitor and report GHG emissions or reduce emissions of GHGs associated with our

operations. In

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addition, various states, individually as well as in some cases on a regional basis, have taken steps to control GHG emissions, including adoption of GHG reporting requirements, cap and trade systems and renewable portfolio standards. Efforts have also been undertaken to delay, limit or prohibit EPA and possibly state action to regulate GHG emissions, and it is not possible at this time to predict the ultimate form, timing or extent of federal or state regulation. In the event we do incur increased costs as a result of increased efforts to control GHG emissions, we may not be able to pass on any of these costs to our customers. Such requirements also could adversely affect demand for the refined petroleum products that we produce. Any increased costs or reduced demand could materially and adversely affect our business and results of operation.

***Renewable fuels mandates may reduce demand for the refined fuels we produce, which could have a material adverse effect on our results of operations and financial condition.***

Pursuant to the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007, the EPA has issued Renewable Fuel Standards, or RFS, implementing mandates to blend renewable fuels into the petroleum fuels produced and sold in the United States. Under RFS, the volume of renewable fuels that obligated refineries must blend into their finished petroleum fuels increases annually over time until 2022. In addition, certain states have passed legislation that requires minimum biodiesel blending in finished distillates. On October 13, 2010, the EPA raised the maximum amount of ethanol allowed under federal law from 10% to 15% for cars and light trucks manufactured since 2007. The maximum amount allowed under federal law currently remains at 10% ethanol for all other vehicles. Existing laws and regulations could change, and the minimum volumes of renewable fuels that must be blended with refined petroleum fuels may increase. Because we do not produce renewable fuels, increasing the volume of renewable fuels that must be blended into our products displaces an increasing volume of our refinery's product pool, potentially resulting in lower earnings and profitability. In addition, in order to meet certain of these EPA requirements, we must purchase credits, known as RINS, which have fluctuating costs.

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

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

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

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

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

We are subject to extensive tax liabilities, including federal, state, local and foreign taxes such as income, excise, sales/use, payroll, franchise, property, gross receipts, withholding and ad valorem taxes. New tax laws

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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 authorities, which could increase our tax liabilities. Subsequent changes to our tax liabilities as a result of these audits may also subject us to interest and penalties. There can be no certainty that our federal, state, local or foreign taxes could be passed on to our customers.

***Our rapid growth may strain our resources and divert management's attention.***

We were a development stage enterprise prior to our acquisition of Paulsboro on December 17, 2010. With the further acquisition of Toledo and the re-start of Delaware City, we have experienced rapid growth in a short period of time. Continued expansion may strain our resources and force management to focus attention from other business concerns to the development of incremental internal controls and procedures, which could harm our business and operating results. We may also need to hire more employees, which will increase our costs and expenses.

***We rely on Statoil and MSCG, over whom we may have limited control, to provide us with certain volumetric and pricing data used in our inventory valuations.***

We rely on Statoil and MSCG to provide us with certain volumetric and pricing data used in our inventory valuations. Our limited control over the accuracy and the timing of the receipt of this data could materially and adversely affect our ability to produce financial statements in a timely manner.

***Changes in our credit profile could adversely affect our business.***

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

***We could incur substantial costs or disruptions in our business if we cannot obtain or maintain necessary permits and authorizations.***

Our operations require numerous permits and authorizations under various laws and regulations, including environmental and health and safety laws and regulations. These authorizations and permits are subject to revocation, renewal or modification and can require operational changes, which may involve significant costs, to limit impacts or potential impacts on the environment and/or health and safety. A violation of these authorizations or permit conditions or other legal or regulatory requirements could result in substantial fines, criminal sanctions, permit revocations, injunctions and/or refinery shutdowns. In addition, major modifications of our operations could require changes to our existing permits or expensive upgrades to our existing pollution control equipment, which could have a material adverse effect on our business, financial condition or results of operations.

**Risks Related to Our Indebtedness**

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

Our substantial indebtedness may significantly affect our financial flexibility in the future. As of December 31, 2011, on a pro forma basis after giving effect to the senior secured notes offering, we would have had total long-term debt, including current maturities and the Delaware Economic Development Authority Loan, of \$824.3 million, all of which would have been secured, and we could have incurred an additional \$396.4 million of senior secured indebtedness under our ABL Revolving Credit Facility. We may incur additional

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indebtedness in the future. Our strategy includes executing future refinery acquisitions. Any significant acquisition would likely require us to incur additional indebtedness in order to finance all or a portion of such acquisition. The level of our indebtedness has several important consequences for our future operations, including that:

a significant portion of our cash flow from operations will be dedicated to the payment of principal of, and interest on, our indebtedness and will not be available for other purposes;

covenants contained in our existing debt arrangements require us to meet or maintain certain financial tests, which may affect our flexibility in planning for, and reacting to, changes in our industry, such as being able to take advantage of acquisition opportunities when they arise;

our ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate and other purposes may be limited; and

we may be at a competitive disadvantage to those of our competitors that are less leveraged; and we may be more vulnerable to adverse economic and industry conditions.

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

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

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

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

Various covenants in our debt instruments and other financing arrangements may restrict our and our subsidiaries' financial flexibility in a number of ways. Our indebtedness subjects us to significant financial and other restrictive covenants, including restrictions on our ability to incur additional indebtedness, place liens upon assets, pay dividends or make certain other restricted payments and investments, consummate certain asset sales or asset swaps, conduct businesses other than our current businesses, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets. Some of these debt instruments also require our subsidiaries to satisfy or maintain certain financial condition tests in certain circumstances. Our subsidiaries' ability to meet these financial condition tests can be affected by events

beyond our control and they may not meet such tests.

*We are a holding company that depends upon cash from our subsidiaries to meet our obligations or to pay dividends in the future.*

We are a holding company and all of our operations are conducted through subsidiaries of PBF Holding. We have no independent means of generating revenue and no material assets other than our ownership interest in

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PBF LLC. Therefore, we depend on the earnings and cash flow of our subsidiaries to meet our obligations, including our indebtedness, tax liabilities and obligations to make payments under the tax receivable agreement. If we or PBF LLC do not receive such cash distributions, dividends or other payments from our subsidiaries, we and PBF LLC may be unable to meet our obligations or pay dividends.

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

Our ABL Revolving Credit Facility, senior secured notes and certain of our other outstanding debt arrangements include a restricted payment covenant, which restricts the ability of PBF Holding to make distributions to us, and we anticipate our future debt will contain a similar restriction. In addition, there may be restrictions on payments by our subsidiaries under applicable laws, including laws that require companies to maintain minimum amounts of capital and to make payments to stockholders only from profits. For example, PBF Holding is generally prohibited under Delaware law from making a distribution to a member to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of the limited liability company (with certain exceptions) exceed the fair value of its assets. As a result, we may be unable to obtain that cash to satisfy our obligations and make payments to our stockholders, if any.

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

If we cannot generate sufficient cash flows or otherwise secure sufficient liquidity to support our short-term and long-term capital requirements, we may not be able to meet our payment obligations in connection with the acquisitions of our refineries (including any earn-outs), or our future debt obligations, comply with certain deadlines related to environmental regulations and standards, or pursue our business strategies, in which case our operations may not perform as we currently expect. We have substantial short-term capital needs and may have substantial long term capital needs. Our short-term working capital needs are primarily related to financing certain of our refined products inventory not covered by our various clean products offtake agreements. Our long-term needs for cash include those to support ongoing capital expenditures for equipment maintenance and upgrades during turnarounds at our refineries and to complete our routine and normally scheduled maintenance, regulatory and security expenditures. In addition, from time to time, we are required to spend significant amounts for repairs when one or more processing units experiences temporary shutdowns. We continue to utilize significant capital to upgrade equipment, improve facilities, and reduce operational, safety and environmental risks. In connection with the Paulsboro acquisition, we assumed certain significant environmental obligations, and may similarly do so in future acquisitions. We will likely incur substantial compliance costs in connection with new or changing environmental, health and safety regulations. See Management's Discussion and Analysis of Financial Condition and Results of Operations Pro Forma Contractual Obligations and Commitments. Our liquidity will affect our ability to satisfy any of these needs or obligations.

### **Risks Relating to This Offering and Ownership of Our Class A Common Stock**

*You will experience an immediate and substantial dilution in the net tangible book value of the Class A common stock you purchase in this offering.*

The initial public offering price per share of our Class A common stock is substantially higher than the pro forma net tangible book value per share of our Class A common stock immediately after this offering. As a result, you may pay a price per share that substantially exceeds the book value of our assets after subtracting our liabilities. Investors who purchase Class A common stock in this offering will be diluted by \$

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per share after giving effect to the sale of shares of Class A common stock in this offering at an assumed initial public offering

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price of \$      per share, the mid-point of the estimated price range set forth on the cover page of this prospectus. If we grant options in the future to our employees, and those options are exercised or other issuances of Class A common stock are made, there will be further dilution. See Dilution.

*A significant portion of the proceeds from this offering will be used to purchase PBF LLC Series A Units from our existing owners.*

We intend to use a significant portion of the proceeds from this offering to purchase PBF LLC Series A Units (which will be reclassified as PBF LLC Series C Units immediately prior to such acquisition) from our existing owners as described under Organizational Structure Offering Transactions. Accordingly, we will not retain any of these proceeds. See Use of Proceeds included elsewhere in this prospectus.

*There is no existing market for our Class A common stock, and we do not know if one will develop to provide you with adequate liquidity.*

Prior to this offering, there has not been a public market for our Class A common stock. We have applied to list our Class A common stock on the NYSE. We cannot predict the extent to which investor interest in our company will lead to the development of a trading market on the NYSE or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our Class A common stock that you buy. The initial public offering price for the shares was determined by negotiations between us and the representatives of the underwriters based on numerous factors that we discuss in the Underwriting section of this prospectus and may not be indicative of prices that will prevail in the open market following this offering.

Consequently, you may not be able to sell our Class A common stock at prices equal to or greater than the price you paid in this offering.

*The initial public offering price of our Class A common stock may not be indicative of the market price of our Class A common stock after this offering and our stock price may be highly volatile.*

The initial public offering price of our Class A common stock is based on numerous factors and may not be indicative of the market price of our Class A common stock after this offering. The market price may be affected by such factors as:

variations in actual or anticipated operating results;

changes in, or failure to meet, earnings estimates of securities analysts;

market conditions in the oil refining industry;

regulatory actions;

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general economic and stock market conditions; and

the availability for sale, or sales, of a significant number of shares of our Class A common stock in the public market.

These and other factors may cause the market price of our Class A common stock to decline below the initial public offering price, which in turn would adversely affect the value of your investment.

In the past, following periods of volatility in the market price of a company's securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which could significantly harm our profitability and reputation.

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***Future sales of our shares could depress the market price of our Class A common stock.***

The market price of our Class A common stock could decline as a result of sales of a large number of shares of Class A common stock in the market after the offering or the perception that such sales could occur. These sales, 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.

The shares of Class A common stock we are offering will be freely tradable without restriction in the United States, unless purchased by one of our affiliates. In connection with this offering, we, our executive officers and directors and Blackstone and First Reserve have agreed with the underwriters, subject to certain exceptions, not to sell, dispose of or hedge any of our Class A common stock or securities convertible into or exchangeable for shares of Class A common stock, during the period ending 180 days after the date of this prospectus, except with the prior written consent of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC. See Underwriting. After the expiration of the 180-day lock-up period, we are required to register the issuance and resale of the shares of Class A common stock that may be issued to the holders of PBF LLC Series A Units and PBF LLC Series B Units pursuant to the exchange agreement. These shares also may be sold under Rule 144 under the Securities Act of 1933, as amended, depending on the holding period and subject to restrictions in the case of shares held by persons deemed to be our affiliates. As restrictions on resale end or if we register additional shares, the market price of our stock could decline if the holders of restricted shares sell them or are perceived by the market as intending to sell them.

***We do not intend to pay any cash dividends in the foreseeable future, which may depress the price of our Class A common stock.***

We intend to reinvest any earnings in the growth of our business. Payments of future dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our business, operating results and financial condition, current and anticipated cash needs, plans for expansion and any legal or contractual limitations on our ability to pay dividends. Our ability to pay dividends is limited by restrictions contained in our ABL Revolving Credit Facility and senior secured notes. As a result, you may not receive any return on an investment in our Class A common stock unless you sell our Class A common stock for a price greater than that which you paid for it.

***If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our Class A common stock, our stock price and trading volume could decline.***

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our Class A common stock price or trading volume to decline and our Class A common stock to be less liquid.

***As a controlled company within the meaning of the NYSE rules, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.***

Upon completion of this offering, investment funds affiliated with Blackstone and First Reserve will continue to control a majority of the combined voting power of all classes of our voting stock. As a result, we will be a controlled company within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by another company is

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a controlled company and may elect not to comply with certain NYSE corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the

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requirement that we have a corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, (3) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and (4) the requirement that there be an annual performance evaluation of the corporate governance and compensation committees. If available, we intend to utilize some or all of these exemptions. As a result, we will not be required to have a majority of independent directors nor will our nominating and corporate governance and compensation committees be required to consist entirely of independent directors. We will rely on the phase-in rules of the SEC and NYSE with respect to the independence of our audit committee. These rules permit us to have an audit committee that has one member that is independent upon the effectiveness of the registration statement of which this prospectus forms a part, a majority of members that are independent within 90 days thereafter and all members that are independent within one year thereafter. Accordingly, you would not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

*Our internal controls over financial reporting currently do not meet all of the standards contemplated by Section 404 of the Sarbanes-Oxley Act of 2002, and failure to achieve and maintain effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and share price.*

As a result of this offering, we will become subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended. Beginning with the year ending December 31, 2013, pursuant to Section 404 of the Sarbanes-Oxley Act, we will be required to furnish a report by our management on our internal control over financial reporting, and our auditors will be required to deliver an attestation report on the operating effectiveness of our internal control over financial reporting. The report by our management must contain, among other things, an assessment of the effectiveness of our internal control over financial reporting and audited consolidated financial statements as of the end of our fiscal year. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management.

As an organization that recently exited the development stage and has grown rapidly through the acquisition of significant operations, we are currently in the process of developing our internal controls over financial reporting and establishing formal policies, processes and practices related to financial reporting and to the identification of key financial reporting risks, assessment of their potential impact and linkage of those risks to specific areas and activities within our organization. Our internal controls over financial reporting currently do not meet all of the standards contemplated by Section 404 of the Sarbanes-Oxley Act that we will eventually be required to meet.

In connection with the preparation of our financial statements during 2011, we identified a material weakness relating to controls over critical business and accounting functions performed by third party service providers and significant deficiencies regarding spreadsheet controls and the timely completion and review of account reconciliations and other analyses as part of our financial closing process. Management has taken the following steps to remediate these issues:

In August 2011, we retained a nationally recognized certified public accounting firm to assist us with assessing, designing and documenting our internal control procedures to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act;

We have hired additional resources (and expect to continue to hire additional resources) to assist with completing the financial statement closing process on a more timely basis;

We are in the process of documenting our financial statement closing process, including establishing more comprehensive account reconciliation and review procedures and spreadsheet controls;

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We are in the process of implementing additional oversight controls over the significant business and accounting processes performed by third parties; and

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We are in the process of developing and implementing information technology systems, accounting processes and procedures, and hiring commercial, accounting and information technology personnel in order to bring in-house the business and accounting processes currently performed by third parties.

We may not be able to successfully remediate these matters on or before December 31, 2013, the date by which we must comply with Section 404 of the Sarbanes-Oxley Act, and we may have additional deficiencies or material weaknesses in the future. We have not yet determined the costs directly associated with these remediation activities, but they could be substantial.

If we are not able to complete our initial assessment of our internal controls and otherwise implement the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or with adequate compliance, management may not be able to certify as to the adequacy of our internal controls over financial reporting. Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of applicable stock exchange listing rules, and result in a breach of the covenants under our debt agreements. There also could be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements also could suffer if our independent registered public accounting firm were to report a material weakness in our internal controls over financial reporting in the future. This could materially adversely affect us and lead to a decline in our Class A common stock price.

*We are controlled by our existing owners, whose interests may differ from those of our public stockholders.*

We are controlled, and after this offering will continue to be controlled, by funds associated with Blackstone and First Reserve. After the completion of this offering, each of Blackstone and First Reserve will continue to beneficially own in the aggregate approximately % of the combined voting power of our common stock (or % if the underwriters exercise their option to purchase additional shares in full). As a result, Blackstone and First Reserve will have the ability to elect all of our directors and thereby control our policies and operations, including the appointment of management, future issuances of our Class A common stock or other securities, the payment of dividends, if any, on our Class A common stock, the incurrence of debt by us, amendments to our certificate of incorporation and bylaws and the entering into of extraordinary transactions, and their interests may not in all cases be aligned with your interests.

Our existing owners, including Blackstone and First Reserve, hold all of the outstanding PBF LLC Series A Units. Because our existing owners hold their economic interest in our business through PBF LLC, rather than through the public company, they may have conflicting interests with holders of shares of our Class A common stock. For example, our existing owners may have different tax positions from us which could influence their decisions regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness, especially in light of the existence of the tax receivable agreement that we will enter into in connection with this offering, and whether and when we should undergo certain changes of control within the meaning of the tax receivable agreement or terminate the tax receivable agreement, which would accelerate our obligations thereunder. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to us. See Certain Relationships and Related Transactions Tax Receivable Agreement.

In addition, Blackstone and First Reserve may have an interest in pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to you. For example, they could cause us to make acquisitions that increase our indebtedness or to sell revenue-generating assets. So long as they continue to beneficially own a majority of the combined voting power of our common stock, they will have the ability to control the vote in any election of directors. See Management, Principal Stockholders and Certain Relationships and Related Transactions. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive stockholders of an opportunity to receive a premium for their Class A common stock as



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part of a sale of our company and might ultimately affect the market price of our Class A common stock. Lastly, Blackstone and First Reserve are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. They may also pursue acquisition opportunities that are complementary to our business and, as a result, those acquisition opportunities may not be available to us.

***We will be required to pay the holders of PBF LLC Series A Units and PBF LLC Series B Units for certain tax benefits we may claim arising in connection with this offering and future exchanges of PBF LLC Series A Units for shares of our Class A Common Stock and related transactions, and the amounts we may pay could be significant.***

As described in Organizational Structure Offering Transactions, we intend to use a significant portion of the net proceeds from this offering to purchase PBF LLC Series A Units from our existing owners, with the balance used to purchase newly issued PBF LLC Series C Units from PBF LLC. We will enter into a tax receivable agreement with the holders of PBF LLC Series A Units and PBF LLC Series B Units that will provide for the payment from time to time by PBF Energy to such persons of 85% of the benefits, if any, that PBF Energy is deemed to realize as a result of (i) the increases in tax basis resulting from its acquisitions of PBF LLC Series A Units as part of the Offering Transactions or in the future and (ii) certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. See Certain Relationships and Related Transactions Tax Receivable Agreement.

We expect that the payments that we may make under the tax receivable agreement will be substantial. Assuming no material changes in the relevant tax law, and that we earn sufficient taxable income to realize all tax benefits that are subject to the tax receivable agreement, we expect future payments under the tax receivable agreement relating to the purchase by PBF Energy of PBF LLC Series A Units as part of the Offering Transactions to aggregate \$ (or \$ if the underwriters exercise their option to purchase additional shares) and to range over the next 15 years from approximately \$ million to \$ million per year (or approximately \$ million to \$ million per year if the underwriters exercise their option to purchase additional shares) and decline thereafter. Future payments by us in respect of subsequent exchanges of PBF LLC Series A Units would be in addition to these amounts and are expected to be substantial as well. The foregoing numbers are merely estimates the actual payments could differ materially. It is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding tax receivable agreement payments. There may be a material negative effect on our liquidity if, as a result of timing discrepancies or otherwise, the payments under the tax receivable agreement exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement, and/or distributions to PBF Energy by PBF LLC are not sufficient to permit PBF Energy to make payments under the tax receivable agreement after it has paid its taxes and other obligations. The payments under the tax receivable agreement are not conditioned upon any recipient's continued ownership of us.

***In certain cases, payments by us under the tax receivable agreement may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement.***

The tax receivable agreement will provide that upon certain changes of control, or if, at any time, PBF Energy elects an early termination of the tax receivable agreement, PBF Energy's (or its successor's) obligations with respect to exchanged or acquired PBF LLC Series A Units (whether exchanged or acquired before or after such transaction) would be based on certain assumptions, including that PBF Energy would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement. As a result, (i) we could be required to make payments under the tax receivable agreement that are greater than the specified percentage of the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement and (ii) if we elect to terminate the tax receivable agreement early or if we undergo certain changes of control, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits, which upfront payment may

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be made years in advance of the actual realization, if any, of such future benefits. In these situations, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity. We may not be able to finance our obligations under the tax receivable agreement and our existing indebtedness may limit our subsidiaries' ability to make distributions to us to pay these obligations.

Payments under the tax receivable agreement will be based on the tax reporting positions that we determine in accordance with the tax receivable agreement. We will not be reimbursed for any payments previously made under the tax receivable agreement. As a result, in certain circumstances, payments could be made under the tax receivable agreement in excess of the benefits that we actually realize in respect of (a) the increases in tax basis resulting from our purchases or exchanges of PBF LLC Series A Units and (b) certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement.

*Anti-takeover and certain other provisions in our certificate of incorporation and bylaws and Delaware law may discourage or delay a change in control.*

Our certificate of incorporation and bylaws contain provisions which could make it more difficult for stockholders to effect certain corporate actions. Among other things, these provisions:

authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval;

prohibit stockholder action by written consent after the date on which Blackstone and First Reserve collectively cease to beneficially own at least a majority of all of the outstanding shares of our capital stock entitled to vote;

restrict certain business combinations with stockholders who obtain beneficial ownership of a certain percentage of our outstanding common stock after the date Blackstone and First Reserve and their affiliates collectively cease to beneficially own at least 25% of all of the outstanding shares of our capital stock entitled to vote;

provide that special meetings of stockholders may be called only by the chairman of the board of directors, the chief executive officer or the board of directors, and establish advance notice procedures for the nomination of candidates for election as directors or for proposing matters that can be acted upon at stockholder meetings;

provide that on and after the date Blackstone and First Reserve and their affiliates collectively cease to beneficially own a majority of all of the outstanding shares of our capital stock entitled to vote, (a) directors may be removed only for cause and only upon the affirmative vote of holders of at least 75% of all of the outstanding shares of our capital stock entitled to vote, and (b) certain provisions of our certificate of incorporation may only be amended upon the affirmative vote of holders of at least 75% of all of the outstanding shares of our capital stock entitled to vote; and

provide that our stockholders may only amend our bylaws with the approval of 75% or more of all of the outstanding shares of our capital stock entitled to vote.

These anti-takeover provisions and other provisions of Delaware law may have the effect of delaying or deterring a change of control of our company. Certain provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. These provisions could limit the price that certain investors might be

willing to pay in the future for shares of our Class A common stock. See Description of Capital Stock.

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**FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements that involve risks and uncertainties. You can identify forward-looking statements because they contain words such as believes, expects, may, should, seeks, approximately, intends, plans, estimates, or anticipates or similar words 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 Risk Factors and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All forward-looking information in this prospectus and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

supply, demand, prices and other market conditions for our 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 this prospectus;

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

our expectations with respect to our acquisition activity;

our ability to retain key employees; and

the costs of being a public company, including Sarbanes-Oxley Act compliance.

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

Our forward-looking statements speak only as of the date of this prospectus or as of the date 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.

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**INDUSTRY AND MARKET DATA**

This prospectus includes industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Statements as to our ranking, market position and market estimates are based on independent industry publications, government publications, third party forecasts and management's good faith estimates and assumptions about our markets and our internal research. Although industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, we have not independently verified such third party information. While we are not aware of any misstatements regarding our market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings "Forward-Looking Statements" and "Risk Factors."

This prospectus contains certain information regarding refinery complexity as measured by the Nelson Complexity Index, which is calculated on an annual basis by data from the Oil and Gas Journal. Certain data presented in this prospectus is from the Oil and Gas Journal Report dated December 6, 2010.

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**ORGANIZATIONAL STRUCTURE**

The diagram below depicts our organizational structure immediately following this offering:

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### **Reorganization Transactions at PBF LLC**

PBF LLC is a holding company for the companies that directly or indirectly own and operate our business. Prior to this offering, there were 92,257,812 PBF LLC Series A Units issued and outstanding, of which 44,861,169.5 units were owned by each of Blackstone and First Reserve and 2,535,473 units were owned by our remaining existing owners, including Mr. O Malley. In addition, there are 1,000,000 PBF LLC Series B Units issued and outstanding, all of which are held by certain of our officers. The PBF LLC Series B Units are profits interests which entitle the holders to participate in the profits of PBF LLC after the date of issuance. Certain of our existing owners and other employees hold options and warrants to purchase an additional 4,576,297 PBF LLC Series A Units at an exercise price of \$10.00 per unit, of which will be vested and exercisable as of the date of the closing of this offering.

Immediately prior to this offering, PBF LLC's limited liability company agreement will be amended and restated to, among other things, designate PBF Energy as the sole managing member of PBF LLC and establish the PBF LLC Series C Units which will be held by PBF Energy. Following this offering, PBF Energy will have the right to determine the timing and amount of any distributions (other than tax distributions) to be made to holders of PBF LLC Series A Units and PBF LLC Series C Units. Profits and losses of PBF LLC will be allocated, and all distributions generally will be made, pro rata to the holders of PBF LLC Series A Units (subject to the rights of the holders of PBF LLC Series B Units) and PBF LLC Series C Units. The PBF LLC Series A Units and the PBF LLC Series C Units are generally identical in all respects, except that the PBF LLC Series B Units share in the allocations of income and distributions that would otherwise be made to the holders of PBF LLC Series A Units (our existing owners), and therefore do not dilute the interests of the holder of PBF LLC Series C Units (PBF Energy) or the direct holders of our Class A common stock. In addition, the amended and restated limited liability company agreement of PBF LLC provides that any PBF LLC Series A Units acquired by PBF Energy from our existing owners, whether at the time of this initial public offering or thereafter in accordance with the exchange agreement, will automatically, and without any further action, be reclassified as PBF LLC Series C Units immediately prior to such acquisition.

We refer to the foregoing transactions, collectively, as the Reorganization Transactions.

### **Incorporation of PBF Energy**

PBF Energy was incorporated as a Delaware corporation on November 7, 2011. PBF Energy has not engaged in any business or other activities except in connection with its formation. The certificate of incorporation of PBF Energy at the time of the offering will authorize two classes of common stock, Class A common stock and Class B common stock, each having the terms described in Description of Capital Stock.

Prior to completion of this offering, shares of Class B common stock of PBF Energy will be issued to our existing owners, providing them with no economic rights but entitling them, without regard to the number of shares of Class B common stock held by such holder, to one vote on matters presented to stockholders of PBF Energy for each PBF LLC Series A Unit held by such holder, as described in Description of Capital Stock Class B Common Stock. Holders of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law.

We also will enter into an exchange agreement with each of the holders of PBF LLC Series A Units and PBF LLC Series B Units. Pursuant to the amended and restated limited liability company agreement of PBF LLC and the exchange agreement, each of our existing owners (and certain of their permitted assignees and other holders who acquire PBF LLC Series A Units upon the exercise of certain warrants and options) will have the right to exchange their PBF LLC Series A Units for shares of our Class A common stock on a one-for-one basis, subject to equitable adjustments for stock splits, stock dividends and reclassifications, and further subject to the rights of the holders of PBF LLC Series B

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Units to receive a portion of the shares of Class A common stock that would otherwise be received by our existing owners upon such exchange.  
See Certain Relationships and Related Transactions Exchange Agreement.

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### **Offering Transactions**

At the time of this offering, PBF Energy intends to use the net proceeds from this offering to purchase PBF LLC Series A Units (which will be reclassified as PBF LLC Series C Units immediately prior to such acquisition) from our existing owners and newly-issued PBF LLC Series C Units from PBF LLC, at a purchase price per unit equal to the initial public offering price per share of Class A common stock in this offering. PBF Energy will purchase PBF LLC Series A Units from our existing owners for an aggregate of \$ million, and will use the remaining proceeds of this offering to purchase newly-issued PBF LLC Series C Units from PBF LLC in an amount equal to \$ million (or \$ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock). PBF LLC will bear or reimburse PBF Energy for all of the expenses of this offering, including underwriting discounts. See Use of Proceeds and Principal Stockholders for further information regarding the proceeds from this offering that will be paid to Blackstone and First Reserve and certain of our directors, executive officers and other employees.

Following this offering, our existing owners may (subject to the terms of the exchange agreement) exchange their remaining PBF LLC Series A Units for shares of Class A common stock of PBF Energy on a one-for-one basis, subject to equitable adjustments for stock splits, stock dividends and reclassifications, and further subject to the rights of the holders of PBF LLC Series B Units to receive a portion of the shares of Class A common stock that would otherwise be received by our existing owners upon such exchange. The purchase of PBF LLC Series A Units by PBF Energy from the existing owners at the closing of this offering and subsequent exchanges are expected to result, with respect to PBF Energy, in increases in the tax basis of the assets of PBF LLC that otherwise would not have been available. These increases in tax basis may reduce the amount of tax that PBF Energy would otherwise be required to pay in the future. These increases in tax basis may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets.

We will enter into a tax receivable agreement with the holders of PBF LLC Series A Units and PBF LLC Series B Units (and certain permitted assignees thereof and other holders who acquire PBF LLC Series A Units upon the exercise of certain warrants and options) that will provide for the payment from time to time by PBF Energy to such persons of 85% of the amount of the benefits, if any, that PBF Energy is deemed to realize as a result of (i) these increases in tax basis and (ii) certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. These payment obligations are obligations of PBF Energy and not of PBF LLC. We estimate that the incremental tax basis of the assets of PBF LLC that will be attributable to PBF Energy at the time of this offering will be approximately \$ million. The tax receivable agreement also will provide that upon certain changes of control or if, at any time, PBF Energy elects an early termination of the tax receivable agreement, payments due under the tax receivable agreement may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement. See Risk Factors Risks Related to This Offering and Ownership of Our Class A Common Stock In certain cases, payments by us under the tax receivable agreement may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement and Certain Relationships and Related Transactions Tax Receivable Agreement.

In connection with its acquisition of PBF LLC Series C Units, PBF Energy will become the sole managing member of PBF LLC at the closing of this offering. Accordingly, although PBF Energy will initially have a minority economic interest in PBF LLC, PBF Energy will have 100% of the voting power and control the management of PBF LLC.

We refer to the foregoing transactions as the Offering Transactions.

As a result of the transactions described above:

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the investors in this offering will collectively own \_\_\_\_\_ shares of our Class A common stock (or \_\_\_\_\_ shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and PBF Energy will hold \_\_\_\_\_ PBF LLC Series C Units

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(or PBF LLC Series C Units if the underwriters exercise in full their over-allotment option to purchase additional shares of Class A common stock), representing % of the total economic interest of PBF LLC;

our existing owners will hold PBF LLC Series A Units, representing % of the total economic interest of PBF LLC (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock), subject to potential dilution by the profits interest of the PBF LLC Series B Units;

the investors in this offering will collectively have % of the voting power in PBF Energy (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock); and

our existing owners, through their holdings of our Class B common stock, will have % of the voting power in PBF Energy (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

Our post-offering organizational structure will allow our existing owners to retain their equity ownership in PBF LLC, an entity that is classified as a partnership for United States federal income tax purposes, in the form of PBF LLC Series A Units. Investors in this offering will, by contrast, hold their equity ownership in PBF Energy, a Delaware corporation that is a domestic corporation for United States federal income tax purposes, in the form of shares of Class A common stock. We believe that our existing owners generally find it advantageous to hold their equity interests in an entity that is not taxable as a corporation for United States federal income tax purposes. We do not believe that our organizational structure gives rise to any significant benefit or detriment to our business or operations.

As noted above, we will enter into an exchange agreement with the holders of PBF LLC Series A Units and PBF LLC Series B Units that, in conjunction with the amended and restated limited liability company agreement of PBF LLC, will entitle an existing owner to exchange its PBF LLC Series A Units for shares of our Class A common stock on a one-for-one basis, subject to equitable adjustments, and further subject to the rights of the holders of PBF LLC Series B Units to receive a portion of the shares of Class A common stock that would otherwise be received by our existing owners upon such exchange. The exchange agreement provides, however, exchanges may not be made more frequently than once per calendar quarter and any exchanges must be for a minimum of the lesser of 1,000 PBF LLC Series A Units or all of the PBF LLC Series A Units held by such holder. The exchange agreement will also provide that holders will not have the right to exchange PBF LLC Series A Units if PBF Energy determines that such exchange would be prohibited by law or regulation or would violate other agreements to which PBF Energy may be subject. PBF Energy may impose additional restrictions on exchange that it determines to be necessary or advisable so that PBF LLC is not treated as a publicly traded partnership for United States federal income tax purposes.

Our existing owners also hold shares of Class B common stock of PBF Energy. Although the shares of Class B common stock have no economic rights, they allow our existing owners to exercise voting power at PBF Energy, the managing member of PBF LLC, at a level that is consistent with their overall equity ownership of the business of PBF LLC and its subsidiaries. Under the amended and restated certificate of incorporation of PBF Energy, following the offering, each holder of Class B common stock will be entitled, without regard to the number of shares of Class B common stock held by such holder, to one vote for each PBF LLC Series A Unit held by such holder. Accordingly, as our existing owners sell PBF LLC Series A Units to us as part of the Offering Transactions or subsequently exchange PBF LLC Series A Units for shares of Class A common stock of PBF Energy pursuant to the exchange agreement, the voting power afforded to our existing owners by their shares of Class B common stock is automatically and correspondingly reduced.

**Holding Company Structure**

PBF Energy will be a holding company, and its sole material asset will be an equity interest in PBF LLC. As the sole managing member of PBF LLC, PBF Energy will control all of the business and affairs of PBF Holding and its subsidiaries.



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PBF Energy will consolidate the financial results of PBF LLC and its subsidiaries, and the ownership interest of our existing owners in PBF LLC will be reflected as a noncontrolling interest in PBF Energy's consolidated financial statements.

Pursuant to the limited liability company agreement of PBF LLC, PBF Energy has the right to determine when distributions (other than tax distributions) will be made to the members of PBF LLC and the amount of any such distributions. If PBF Energy authorizes a distribution, such distribution will be made to the members of PBF LLC pro rata in accordance with the percentages of their respective limited liability company interests.

The holders of limited liability company interests in PBF LLC, including PBF Energy, will generally have to include for purposes of calculating their U.S. federal, state and local income taxes their share of any taxable income of PBF LLC. Taxable income of PBF LLC generally will be allocated to the holders of units (including PBF Energy) pro rata in accordance with their respective share of the net profits and net losses of PBF LLC. The amended and restated limited liability company agreement of PBF LLC will provide for mandatory cash distributions, which we refer to as tax distributions, to the members of PBF LLC, including PBF Energy, based on certain assumptions. Generally, these tax distributions will be an amount equal to our 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 prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses).

See Certain Relationships and Related Transactions PBF LLC Limited Liability Company Agreement.

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**USE OF PROCEEDS**

The proceeds to PBF Energy from this offering, before deducting underwriting discounts, will be approximately \$       million (or \$       million if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

PBF Energy intends to use \$       million of the proceeds from this offering to purchase PBF LLC Series A Units (which will be reclassified as PBF LLC Series C Units immediately prior to such acquisition) from our existing owners, including Blackstone and First Reserve and certain of our directors, executive officers and other employees, as described under Organizational Structure Offering Transactions. Accordingly, we will not retain any of these proceeds. See Principal Stockholders for further information regarding the proceeds from this offering.

PBF Energy intends to use all of the remaining proceeds from this offering, or \$       million (or \$       million if the underwriters exercise in full their option to purchase additional shares of Class A common stock), to purchase newly-issued PBF LLC Series C Units from PBF LLC, as described under Organizational Structure Offering Transactions. We intend to cause PBF LLC to use these proceeds to pay the expenses of this offering, including aggregate underwriting discounts of \$       million (or \$       million if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and other offering expenses estimated at \$       million. Any remaining proceeds, including proceeds from the exercise by the underwriters of their option to purchase additional shares of Class A common stock, will be used by PBF LLC for general corporate purposes, including to potentially repay outstanding indebtedness under the ABL Revolving Credit Facility.

The ABL Revolving Credit Facility is scheduled to expire on May 31, 2016. As of December 31, 2011, the annual interest rate was 4.3%, payable quarterly.

A \$1.00 increase (decrease) in the assumed initial public offering price \$       per share would increase (decrease) the net proceeds to PBF Energy from this offering by approximately \$       million, assuming that the number of shares offered by PBF Energy, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by PBF Energy.

Pending specific application of these proceeds, the proceeds will be invested primarily in cash.

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**DIVIDEND POLICY**

We do not anticipate paying any cash dividends on our Class A common stock in the foreseeable future. Our future decisions concerning the payment of dividends on our Class A common stock will be made at the discretion of our board of directors and will depend upon, among other things, general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, statutory and contractual restrictions, including under our outstanding debt documents, and such other factors as our board of directors may deem relevant.

PBF Energy is a holding company and has no material assets other than its ownership interests of PBF LLC. In order for us to pay any dividends, we will need to cause PBF LLC to make distributions to us and the holders of PBF LLC Series A Units, and PBF LLC will need to cause PBF Holding to make distributions to it.

The ability of PBF Holding to pay dividends and make distributions is and in the future may be limited by covenants in its ABL Revolving Credit Facility, the senior secured notes and other debt instruments.

PBF LLC has not made any distributions since its formation. However, prior to the completion of this offering, PBF LLC anticipates making tax-related distributions to our existing owners of \$           million.

**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and cash equivalents and total capitalization as of December 31, 2011:

on a historical basis for PBF LLC;

on an as adjusted basis to give effect to the senior secured notes offering; and

on a pro forma as further adjusted basis for PBF Energy, giving effect to the transactions described under Unaudited Pro Forma Consolidated Financial Statements, including the application of the proceeds from this offering as described in Use of Proceeds.

This information should be read in conjunction with sections entitled Organizational Structure, Use of Proceeds, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Unaudited Pro Forma Consolidated Financial Statements, and the historical consolidated financial statements and related notes thereto included in this prospectus.

	December 31, 2011		
	Actual	As Adjusted (in thousands, except share and per share data)	Pro Forma As Further Adjusted
Cash and cash equivalents	\$ 50,166	\$ 50,166	\$
Debt:			
Long-term debt (including current portion)	\$ 804,865	\$ 824,260(a)	
PBF LLC Series B Units	\$ 3,303	\$ 3,303	
Equity:			
Series A Units	923,841	923,841	
Class A common stock, par value \$0.001 per share, shares to be issued and outstanding, actual; authorized, shares to be issued and outstanding, on a pro forma basis			
Class B common stock, par value \$0.001 per share, shares to be issued and outstanding, actual; authorized, shares to be issued and outstanding, on a pro forma basis			
Additional paid-in capital			
Accumulated other comprehensive income	(2,376)	(2,376)	
Retained earnings	186,150	181,631	
Noncontrolling interest			
<b>Total equity</b>	<b>1,107,615</b>	<b>1,103,096</b>	
<b>Total capitalization</b>	<b>\$ 1,915,783</b>	<b>\$ 1,930,659</b>	<b>\$</b>

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- (a) Actual and as adjusted long-term debt includes our Delaware Economic Development Authority Loan of \$20.0 million and unamortized original issue discount of \$9.7 million related to the senior secured notes.

**Table of Contents****DILUTION**

Dilution is the amount by which the offering price paid by purchasers of shares of Class A common stock in this offering will exceed the net tangible book value per share of Class A common stock immediately after the completion of this offering. Net tangible book value per share as of a particular date represents the amount of our total tangible assets less our total liabilities divided by the number of shares of Class A common stock outstanding as of such date. The net tangible book value of our Class A common stock as of December 31, 2011 was \$ , or approximately \$ per share. On a pro forma basis, after giving effect to the transactions described under Organizational Structure, including the sale of shares of Class A common stock in this offering at an assumed initial public offering price of \$ (the mid-point of the estimated price range set forth on the cover page of this prospectus), assuming that our existing owners exchanged all of their PBF LLC Series A Units for newly-issued shares of Class A common stock on a one-for-one basis, and after deducting the underwriting discounts and commissions and estimated offering expenses, our pro forma net tangible book value as of December 31, 2011 would have been \$ , or approximately \$ per share. This represents an immediate increase in pro forma net tangible book value of \$ per share to existing stockholders and an immediate dilution of \$ per share to new investors.

The following table illustrates this dilution on a per share of Class A common stock basis:

Assumed initial public offering price per share	\$
Net tangible book value as of December 31, 2011	\$
Increase in net tangible book value per share attributable to new investors	
Pro forma net tangible book value per share after the offering	
Dilution per share to new investors	\$

Because our existing owners do not own any Class A common stock or other economic interest in us, we have presented dilution in pro forma net tangible book value per share of Class A common stock to investors in this offering assuming that our existing owners exchanged their PBF LLC Series A Units for newly-issued shares of Class A common stock on a one-for-one basis in order to more meaningfully present the dilutive impact on the investors in this offering.

If the underwriters exercise their over-allotment option in full, the pro forma net tangible book value per share after giving effect to the offering would be \$ per share. This represents an increase in pro forma net tangible book value of \$ per share to existing stockholders and dilution in pro forma net tangible book value of \$ per share to new investors.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share would increase (decrease) our pro forma net tangible book value per share after this offering and the dilution to new investors by \$ , assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

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The following table presents, on a pro forma basis, as of December 31, 2011, the differences among the number of shares of Class A common stock purchased, the total consideration paid or exchanged and the average price per share paid by our existing owners and by new investors purchasing shares of our Class A common stock in this offering, assuming that our existing owners exchanged all of their PBF LLC Series A Units for shares of our Class A common stock on a one-for-one basis, before deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The table assumes an initial public offering price of \$ \_\_\_\_\_ per share, as specified above, and excludes underwriting discounts and commissions and estimated offering expenses payable by PBF Energy:

	Shares Purchased		Total Consideration		Average
	Number	Percent	Amount	Percent	Price Per Share
Existing owners					
New investors					
<b>Total</b>					

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**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

The unaudited pro forma consolidated financial statements are presented to show how we might have looked if the Toledo acquisition, the senior secured notes offering, the Offering Transactions described under Organizational Structure, and the use of the estimated net proceeds from this offering as described under Use of Proceeds had occurred on the dates and for the periods indicated below. We derived the following unaudited pro forma consolidated financial statements by applying pro forma adjustments to the historical consolidated financial statements of PBF LLC and the statements of revenues and direct expenses of Toledo, each included elsewhere in this prospectus. PBF LLC will be considered our predecessor for accounting purposes, and its consolidated financial statements will be our historical consolidated financial statements following this offering.

The unaudited pro forma consolidated statements of operations for the year ended December 31, 2011 have been derived by starting with PBF LLC's financial data and giving pro forma effect to the consummation of the Toledo acquisition, the senior secured notes offering, the Offering Transactions, and the use of the estimated net proceeds from this offering as if they had occurred on January 1, 2011. The unaudited pro forma consolidated balance sheet as of December 31, 2011 gives effect to the senior secured notes offering, the Offering Transactions and the use of the estimated net proceeds from this offering as if they had occurred on December 31, 2011. As a result of the Toledo acquisition, our historical financial results include the results of operations for Toledo from March 1, 2011 forward.

Sunoco did not manage Toledo as a stand-alone business as either a subsidiary or division, and therefore complete historical financial statements are not available. The statements of revenue and expenses reflect items specifically identified to the refinery and therefore exclude certain other items such as interest income, interest expenses and income taxes not directly related to the refinery. They also reflect certain allocations Sunoco made for shared resources utilized prior to the acquisition which were considered reasonable.

The unaudited pro forma consolidated financial information is presented for informational purposes only. The unaudited pro forma consolidated financial information does not purport to represent what our results of operations or financial condition would have been had the transactions to which the pro forma adjustments relate actually occurred on the dates indicated, and they do not purport to project our results of operations or financial condition for any future period or as of any future date. Further, the unaudited pro forma consolidated financial statements do not reflect the impact of restructuring activities, cost savings, non-recurring charges, employee termination costs and other exit costs that may result from or in connection with the Toledo acquisition. For example, the unaudited pro forma consolidated financial data does not give effect to the anticipated termination of employees deemed redundant or the reconfiguration of facilities.

The pro forma adjustments principally give effect to:

the acquisition of Toledo;

the use of proceeds from the senior secured notes offering to repay or reduce certain of our existing indebtedness;

the consummation of the Offering Transactions described in Organizational Structure Offering Transactions and the related effects of the tax receivable agreement. See Certain Relationships and Related Transactions Tax Receivable Agreement ; and

a provision for corporate income taxes on the income of PBF Energy at an effective rate of %, which includes a provision for U.S. federal income taxes and assumes the highest statutory rates apportioned to each state, local and/or foreign jurisdiction.

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The unaudited pro forma consolidated balance sheet and statements of operations should be read in conjunction with the sections entitled Organizational Structure, Use of Proceeds, Capitalization, Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations PBF LLC, our historical consolidated financial statements and related notes thereto, and the historical financial information and related notes thereto of Toledo, included elsewhere in this prospectus.

**Table of Contents****Unaudited Pro Forma Consolidated Balance Sheet**

As of December 31, 2011

	PBF Energy Company LLC Actual		Pro Forma Adjustments (in thousands)	(a)	PBF Energy Company LLC Pro Forma		Pro Forma Adjustments	(b)	PBF Energy Inc. Pro Forma
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and cash equivalents	\$	50,166		(c)	\$	50,166	\$		\$
Accounts receivable, net		316,252				316,252			
Inventories		1,516,727				1,516,727			
Other current assets		63,359				63,359			
<b>Total Current Assets</b>		1,946,504				1,946,504			
Property, plant and equipment, net		1,513,947				1,513,947			
Deferred tax asset								(d)	
Deferred charges and other assets, net		160,658	13,481	(e)		174,139			
<b>Total Assets</b>	\$	3,621,109	\$	13,481	\$	3,634,590	\$		\$
<b>LIABILITIES AND EQUITY</b>									
<b>Current Liabilities</b>									
Accounts payable	\$	286,067	\$		\$	286,067	\$		
Accrued expenses		1,180,812	(1,395)	(f)		1,179,417			
Current portion of long-term debt		4,014	(1,250)	(g)		2,764			
Deferred revenue		189,234				189,234			
<b>Total Current Liabilities</b>		1,660,127	(2,645)			1,657,482			
Economic Development Authority Loan		20,000				20,000			
Long-term debt		780,851	20,645	(h)		801,496			
Payable to related parties pursuant to tax receivable agreement								(d)	
Other long-term liabilities		49,213				49,213			
<b>Total Liabilities</b>		2,510,191	18,000			2,528,191			
<b>Commitments and Contingencies</b>									
Series B Units		3,303				3,303			
<b>Members /Stockholders Equity</b>									
Series A Units		923,841				923,841		(i)	
Class A common stock								(i)	
Class B common stock								(i)	
Additional paid-in capital								(i)	
Accumulated other comprehensive loss		(2,376)				(2,376)			
Retained earnings		186,150	(4,519)	(j)		181,631			
Members equity/stockholders equity attributable to PBF Energy Inc.		1,107,615	(4,519)			1,103,096			
Noncontrolling interest								(k)	
<b>Total Liabilities, Series B Units, and Equity</b>	\$	3,621,109	\$	13,481	\$	3,634,590	\$		\$



**Table of Contents****NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**

- (a) These pro forma adjustments give effect to the senior secured notes offering.
- (b) These pro forma adjustments give effect to the Offering Transactions.
- (c) Represents the adjustment to cash and cash equivalents for sources and uses of funds from the senior secured notes offering as summarized below:

	(In thousands)
<b>Sources of funds:</b>	
Senior secured notes	\$ 665,807
<b>Total</b>	<b>\$ 665,807</b>
<b>Use of funds:</b>	
Repay Paulsboro Promissory Note	\$ 160,000
Repay Toledo Promissory Note	181,655
Repay Term Loan Facility	123,750
Repay outstanding under ABL Revolving Credit Facility	181,007
Pay accrued interest expense associated with debt to be retired	1,395
Estimated fees and expenses	18,000
<b>Total</b>	<b>\$ 665,807</b>

Adjustment to pro forma cash

- (d) Reflects adjustments to give effect to the tax receivable agreement (as described in Certain Relationships and Related Transactions Tax Receivable Agreement ) based on the following assumptions:

we will record an increase of \$       million in deferred tax assets for estimated income tax effects of the increase in the tax basis of the purchased interests, based on an effective income tax rate of % (which includes a provision for U.S. federal, state, and local income taxes);

we will record \$       million, representing % of the estimated realizable tax benefit resulting from (i) the increase in the tax basis of the purchased interests as noted above 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 as an increase to the liability under the tax receivable agreement;

we will record an increase of \$       million to additional paid-in-capital, which is an amount equal to the difference between the increase in deferred tax assets and the increase in the liability due to existing owners under the tax receivable agreement; and

there are no material changes in the relevant tax law and that we earn sufficient taxable income in each year to realize the full tax benefit of the amortization of our assets.

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- (e) Represents the elimination of historical deferred financing costs of approximately \$4.5 million related to our outstanding debt that has been repaid with a portion of the proceeds of the senior secured notes offering, and the recording of estimated deferred financing costs of approximately \$18.0 million in relation to the notes offered in connection with the senior secured notes offering.
- (f) Represents the payment of \$1.4 million of accrued interest related to the refinanced debt that was retired with the proceeds from the senior secured notes offering as detailed in Note (c) above.
- (g) Represents the retirement of the \$1.3 million of our outstanding debt that we have repaid with a portion of the proceeds of the senior secured notes offering (included in current portion of long-term debt).
- (h) Represents the net increase in long term debt from the issuance of the notes offered in connection with the senior secured notes offering. The pro forma balance of \$801.5 million, together with the current portion of

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\$2.8 million, consists of the indebtedness incurred in connection with the senior secured notes offering of \$665.8 million, net of \$9.7 million of original issue discount, our catalyst lease obligations of \$30.3 million, construction financing of \$19.2 million and remaining borrowings under our ABL Revolving Credit Facility of \$89.0 million (\$270.0 million outstanding at December 31, 2011 less \$181.0 million as shown in Note (c)).

- (i) Represents an adjustment to stockholders' equity reflecting (i) par value for Class A and Class B common stock to be outstanding following this offering, (ii) an increase of \$      million of additional paid-in capital as a result of net proceeds from this offering, (iii) a decrease of \$      million to allocate a portion of PBF Energy's equity to the noncontrolling interest, (iv) an increase of \$      million due to the tax receivable agreement as described in footnote (b) above, and (v) the elimination of members' equity of \$923.8 million upon consolidation.
  
- (j) Represents the adjustment to equity for the elimination of \$4.5 million of deferred financing costs related to the refinancing of the Term Loan Facility in connection with the senior secured notes offering.
  
- (k) As described in Organizational Structure, PBF Energy will become the sole managing member of PBF LLC. PBF Energy will initially own less than 100% of the economic interest in PBF LLC, but will have 100% of the voting power and control the management of PBF LLC. As a result, we will consolidate the financial results of PBF LLC and will record a noncontrolling interest. Immediately following this offering, the noncontrolling interest, based on the assumptions to the pro forma information, will be      %. Pro forma noncontrolling interest represents      % of the pro forma equity of PBF LLC of \$      , which differs from the pro forma equity of PBF Energy as the former is not affected by the adjustments related to the tax receivable agreement described in footnote (b).

**Table of Contents****Unaudited Pro Forma Consolidated Statement of Operations**

For the Year Ended December 31, 2011

	PBF Energy Company LLC Actual	Toledo Period from January 1, 2011 through February 28, 2011(t)	Pro Forma Adjustments(l)	(in thousands)	PBF Energy Company LLC Pro Forma	Pro Forma Adjustments(m)	PBF Energy Inc.
<b>Revenues</b>	\$ 14,960,338	\$ 1,053,206	\$ (52,015)	(r)	\$ 15,961,529		
<b>Cost and expenses</b>							
Cost of sales, excluding depreciation	13,855,163	916,418	(52,015)	(r)	14,719,566		
Operating expenses, excluding depreciation	658,831	40,726			699,557		
General and administrative expenses <sup>(q)</sup>	86,183	3,674			89,857		
Acquisition related expenses	728		(556)	(n)	172		
Depreciation and amortization expense	53,743		4,209	(o)	57,952		
	14,654,648	960,818	(48,362)		15,567,104		
Operating income (loss)	305,690	92,388	(3,653)		394,425		
<b>Other income (expense)</b>							
Change in fair value of catalyst lease obligation	7,316				7,316		
Change in fair value of contingent consideration	(5,215)				(5,215)		
Interest expense, net	(65,120)		(30,542)	(p)	(95,662)		
Other income		59			59		
	242,671	92,447	(34,195)		300,923		
Income tax expense (benefit)							(s)
<b>Net income</b>	\$ 242,671	\$ 92,447	\$ (34,195)		\$ 300,923		
Less net income attributable to noncontrolling interest							(u)
<b>Net income attributable to PBF Energy Inc.</b>							\$
Weighted Average Shares of Class A common stock outstanding <sup>(v)</sup>							
Basic							
Diluted							
Net income available to Class A common stock per share <sup>(v)</sup>							
Basic							

Diluted

Pro forma net income available to  
Class A common stock per share<sup>(v)</sup>

Basic

Diluted

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**NOTES TO THE UNAUDITED PRO FORMA  
CONSOLIDATED STATEMENT OF OPERATIONS**

- (l) These pro forma adjustments give effect to the acquisition of Toledo and the senior secured notes offering.
- (m) These pro forma adjustments give effect to the Offering Transactions.
- (n) To eliminate the acquisition related expenses that relate to the Toledo acquisition.
- (o) To reflect the change in depreciation and amortization arising from the Toledo acquisition as a result of the pro forma depreciation and amortization expense for the two months prior to our acquisition of Toledo on March 1, 2011.
- (p) Estimates the impact of the senior secured notes offering and the refinancing of existing senior debt described in Use of Proceeds as follows:

	<b>Year Ended December 31, 2011</b>
Estimated interest expense for the notes issued in connection with the senior secured notes offering <sup>(1)</sup>	\$ (57,393)
Estimated amortization of deferred financing fees related to the notes issued in connection with the senior secured notes offering <sup>(2)</sup>	(2,250)
Eliminate historical interest expense and amortization of deferred financing fees for refinanced debt <sup>(3)</sup>	29,101
<b>Pro forma adjustment</b>	<b>\$ (30,542)</b>

- (1) Reflects pro forma cash interest expense related to the notes issued in connection with the senior secured notes offering.
- (2) Amortization expense related to the estimated deferred financing fees capitalized in connection with the indebtedness to be incurred in connection with the senior secured notes offering, which are being amortized over 8 years.
- (3) Reflects the elimination of historical interest expense and amortization of deferred financing fees, net of the unused commitment fee, arising from debt instruments paid off in connection with the notes issued in connection with the senior secured notes offering.

- (q) General and administrative expenses represent historical costs from PBF LLC and Toledo. Toledo's historical financial information includes certain general and administrative costs incurred by Sunoco that were subsequently allocated to Toledo as direct and indirect costs attributable to the refinery. These costs are not necessarily indicative of what would have been incurred had the refinery been a standalone entity or operated as a subsidiary of PBF LLC nor are these costs necessarily indicative of what general and administration costs will be in the future. In addition, under various transition service agreements with Sunoco, we have incurred a total of \$13.7 million of expense for the ten month period ended December 31, 2011.
- (r) To adjust consumer excise taxes reported gross within the historical Toledo statement of operations to net which conforms to PBF LLC accounting policy and statement of operations presentation.
- (s) Following the Offering Transactions, PBF Energy will be subject to U.S. federal income taxes, in addition to state and local and foreign taxes, with respect to its allocable share of any taxable income of PBF LLC. As a result, the pro forma consolidated statement of operations reflects an adjustment to our provision for corporate income taxes to reflect an effective rate of %, which includes provision for U.S. federal income taxes and assumes the highest statutory rates apportioned to each state and local jurisdictions.

- (t) Reflects the historical revenues and direct expenses of Toledo. The statements of revenue and expenses reflect items specifically identified to the refinery and therefore exclude certain other items such as interest

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income, interest expenses and income taxes not directly related to the refinery. They also reflect certain allocations Sunoco made for shared resources utilized prior to the acquisition which were considered reasonable.

- (u) As described in Organizational Structure, PBF Energy will become the sole managing member of PBF LLC. PBF Energy will initially own less than 100% of the economic interest in PBF LLC, but will have 100% of the voting power and control the management of PBF LLC. Immediately following this offering, the noncontrolling interest will be %. Net income attributable to the noncontrolling interest represents %, \$ of income before income taxes of \$. These amounts have been determined based on an offering price of \$ and the assumption that the underwriter's option to purchase additional shares is not exercised. If the assumed offering price increased by \$1.00 to \$ per share, the ownership percentage held by the noncontrolling interest would decrease to %, or % if the over-allotment is exercised. If the assumed offering price decreased by \$1.00 to \$ per share, the ownership percentage held by the noncontrolling interest would increase to % or % if the over-allotment is exercised. Net income available to Class A common stock per share would not be significantly different if the assumed offering price changed by \$1.00.
  
- (v) The shares of Class B common stock do not share in our earnings and are therefore not included in the weighted average shares outstanding or net income (loss) available per share.

**Table of Contents****SELECTED FINANCIAL DATA****Selected Historical Consolidated Financial Data of PBF LLC**

The following table presents the selected historical consolidated financial data of PBF LLC. PBF LLC will be considered our predecessor for accounting purposes, and its consolidated financial statements will be our historical consolidated financial statements following this offering. The selected historical consolidated financial data as of December 31, 2010 and 2011 and for the years ended December 31, 2009, 2010 and 2011 have been derived from audited financial statements of PBF LLC, included elsewhere in this prospectus. The selected historical consolidated financial data for the period from March 1, 2008 (date of inception) through December 31, 2008 and as of December 31, 2008 and 2009 have been derived from the audited financial statements of PBF LLC not included in this prospectus. As a result of the Paulsboro and Toledo acquisitions, the historical consolidated financial results of PBF LLC only include the results of operations for Paulsboro and Toledo from December 17, 2010 and March 1, 2011 forward, respectively.

The historical consolidated financial data and other statistical data presented below should be read in conjunction with the consolidated financial statements of PBF LLC and the related notes thereto, included elsewhere in this prospectus, and the sections entitled Unaudited Pro Forma Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations. The consolidated financial information may not be indicative of our future performance.

**PBF ENERGY COMPANY LLC AND SUBSIDIARIES**

	Period From March 1, 2008 (Date of Inception) through December 31, 2008 <sup>(3)</sup>	Year Ended December 31, 2009 <sup>(3)</sup>	Year Ended December 31, 2010	Year Ended December 31, 2011
(in thousands)				
<b>Statement of operations data:</b>				
<b>Revenues<sup>(1)</sup></b>	\$ 134	\$ 228	\$ 210,671	\$ 14,960,338
<b>Cost and expenses</b>				
Cost of sales, excluding depreciation			203,971	13,855,163
Operating expenses, excluding depreciation			25,140	658,831
General and administrative expenses	6,378	6,294	15,859	86,183
Acquisition related expenses <sup>(2)</sup>			6,051	728
Depreciation and amortization expense	18	44	1,402	53,743
	(6,262)	6,338	252,423	14,654,648
(Loss) income from operations	(6,262)	(6,110)	(41,752)	305,690
<b>Other (expense) income</b>				
Change in fair value of catalyst lease obligation			(1,217)	7,316
Change in fair value of contingent consideration				(5,215)
Interest income (expense), net	198	10	(1,388)	(65,120)
<b>Net (loss) income</b>	\$ (6,064)	\$ (6,100)	\$ (44,357)	\$ 242,671
Less Net loss attributable to the noncontrolling interest	(165)			

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Net (loss) income attributable to PBF Energy Company LLC	\$	(6,229)	\$ (6,100)	\$ (44,357)	\$ (242,671)
<b>Balance sheet data (at end of period):</b>					
Total assets	\$	25,040	\$ 19,150	\$ 1,274,393	\$ 3,621,109
Total long-term debt <sup>(4)</sup>				325,064	804,865
Total equity		24,810	18,694	456,739	1,107,615
<b>Other financial data:</b>					
Capital expenditures <sup>(5)</sup>	\$	118	\$ 70	\$ 72,118	\$ 551,544

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- (1) \$4.8 million of the year ended December 31, 2010 revenues was directly related to terminalling revenues at our Delaware City refinery. Consulting services income provided to a related party was \$0, \$221 and \$98 for the years ended December 31, 2011, 2010 and 2009, respectively.
- (2) Acquisition related expenses consist of consulting and legal expenses related to the Paulsboro and Toledo acquisitions as well as non-consummated acquisitions.
- (3) December 31, 2008 and 2009 balance sheet data is that of PBF Investments LLC. See footnote 1, Description of Business and Basis of Presentation, in the PBF LLC consolidated financial statements.
- (4) Total long-term debt includes our Delaware Economic Development Authority Loan of \$20.0 million.
- (5) Includes expenditures for construction in progress, property, plant and equipment and deferred turnaround costs.

**Selected Historical Financial Data of Paulsboro, PBF LLC's Predecessor**

The following table presents Paulsboro's selected historical financial data. We refer to Paulsboro as PBF LLC's Predecessor or Predecessor Paulsboro, as prior to its acquisition PBF LLC generated substantially no revenues and prior to the acquisition of Paulsboro and the Delaware City assets, was a new company formed to pursue acquisitions of crude oil refineries and downstream assets in North America. At the time of its acquisition, Paulsboro represented the major portion of PBF LLC's business and assets.

The financial statements and supplementary data of Predecessor Paulsboro, are presented as of, and for the years ended, December 31, 2008 and 2009 and for the period from January 1, 2010 through December 16, 2010 and as of December 16, 2010, periods prior to PBF LLC's acquisition. These financial statements were prepared by the former management of Predecessor Paulsboro and audited by Predecessor Paulsboro's independent registered public accounting firm. The financial statements and supplementary data of Predecessor Paulsboro presented herein may not be representative of the operations of PBF going forward for the following reasons, among others:

Both PBF LLC's financial statements and Paulsboro's financial statements contain items which require management to make considerable judgments and estimates. There can be no assurance that the judgments and estimates made by PBF LLC's management will be identical or even similar to the historical judgments and estimates made by Paulsboro's former management.

The financial statements of Paulsboro contain allocations of certain general and administrative expenses and income taxes specific to Valero.

The financial statements of Paulsboro reflect depreciation and amortization expense and asset impairment losses based on Valero's historical cost basis for the applicable assets. PBF LLC's cost basis in such assets is different.

The historical financial data and other statistical data presented below should be read in conjunction with Paulsboro's financial statements and the related notes thereto for the year ended December 31, 2009 and for the period from January 1, 2010 through December 16, 2010 and as of December 16, 2010, included elsewhere in this prospectus, and the sections entitled Unaudited Pro Forma Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Predecessor Paulsboro. The historical financial data for Paulsboro for the year ended December 31, 2008 and as of December 31, 2008 and 2009 has been derived from audited financial statements not included in this prospectus.

**Table of Contents****PAULSBORO REFINING BUSINESS PBF LLC S PREDECESSOR**

	Year Ended December 31,		Period from
	2008	2009	January 1, 2010 through December 16, 2010
(in thousands)			
<b>Statement of operations data:</b>			
<b>Operating revenues<sup>(1)</sup></b>	\$ 6,448,379	\$ 3,549,517	\$ 4,708,989
<b>Cost and expenses:</b>			
Cost of sales <sup>(2)</sup>	5,718,685	3,419,460	4,487,825
Operating expenses	317,093	266,319	259,768
General and administrative expenses <sup>(3)</sup>	15,619	15,594	14,606
Asset impairment loss	705	8,478	895,642
Depreciation and amortization expense	56,634	65,103	66,361
<b>Total costs and expenses</b>	<b>6,108,736</b>	<b>3,774,954</b>	<b>5,724,202</b>
Operating income (loss)	339,643	(225,437)	(1,015,213)
Interest and other income and expense, net	551	1,249	500
Income (loss) before income tax expense (benefit)	340,194	(224,188)	(1,014,713)
Income tax expense (benefit) <sup>(4)</sup>	131,445	(86,586)	(322,962)
<b>Net income (loss)</b>	<b>\$ 208,749</b>	<b>\$ (137,602)</b>	<b>\$ (691,751)</b>
<b>Balance sheet data (at end of period):</b>			
Total assets	\$ 1,434,980	\$ 1,440,557	\$ 510,205
Total liabilities	392,099	357,289	42,582
Net parent investment	1,042,881	1,083,268	467,623
<b>Selected financial data:</b>			
Capital expenditures	\$ 198,647	\$ 96,754	\$ 20,122

- (1) Operating revenues consist of refined products sold from Paulsboro to Valero that were recorded at intercompany transfer prices, which were market prices adjusted by quality, location, and other differentials on the date of the sale.
- (2) Cost of sales consist of the cost of feedstock acquired for processing, including transportation costs to deliver the feedstock to Paulsboro. Purchases of feedstock by Paulsboro from Valero were recorded at the cost paid to independent third parties by Valero.
- (3) General and administrative expenses include allocations and estimates of general and administrative costs of Valero that were attributable to the operations of Paulsboro.
- (4) The income tax provision represented the current and deferred income taxes that would have resulted if Paulsboro were a stand-alone taxable entity filing its own income tax returns. Accordingly, the calculations of current and deferred income tax provision require certain assumptions, allocations, and estimates that Paulsboro management believed were reasonable to reflect the tax reporting for Paulsboro as a stand-alone taxpayer.

The selected financial data as of December 31, 2007 and for the year ended December 31, 2007 has been omitted because it is not available without the expenditure of unreasonable effort and expense. We believe the omission of this financial data does not have a material impact on the understanding of our results of operations, financial performance and related trends.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS**

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

Management's Discussion and Analysis of Financial Condition and Results of Operations is divided into sections entitled Executive Summary, Factors Affecting Comparability, Factors Affecting Operating Results, Results of Operations PBF LLC Results of Operations Paulsboro Refining Business PBF LLC's Predecessor, Liquidity and Capital Resources, Cash Flows Analysis of Paulsboro Refining Business PBF LLC's Predecessor Senior Secured Notes Offering, Credit Facilities, Cash Balances, Liquidity, Working Capital, Pro Forma Contractual Obligations and Commitments, Off-Balance Sheet Arrangements, Quantitative and Qualitative Disclosures about Market Risk, Critical Accounting Policies and Recent Accounting Pronouncements. Information therein should help provide a better understanding of the major factors and trends that affect our earnings performance and financial condition, and how our performance during the years ended December 31, 2011 and 2010 compare to the applicable prior periods. The historical results of operations for PBF LLC's Predecessor is presented and discussed separately to allow the readers of our prospectus to better evaluate the historical operating performance of our current business.

**Executive Summary**

We were formed in 2008 to pursue acquisitions of crude oil refineries and downstream assets in North America. We currently own and operate three domestic oil refineries and related assets located in Delaware City, Delaware, Paulsboro, New Jersey, and Toledo, Ohio, which we acquired in 2010 and 2011. Our refineries have a combined processing capacity, known as throughput, of approximately 540,000 bpd, and a weighted average Nelson complexity index of 11.3.

The following table summarizes our history and acquisitions:

March 1, 2008	PBF was formed.
June 1, 2010	The idle Delaware City refinery and its related assets were acquired from Valero for approximately \$220.0 million.
December 17, 2010	The Paulsboro refinery was acquired from Valero for approximately \$357.7 million, excluding working capital.
March 1, 2011	The Toledo refinery was acquired from Sunoco for approximately \$400.0 million, excluding working capital.
October 2011	Delaware City became fully operational.
February 2012	PBF Holding sold \$675.5 million aggregate principal amount of 8.25% Senior Secured Notes due 2020.

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Throughout this prospectus we include financial statements and other financial and operating data for the Paulsboro Refining Business for periods prior to its acquisition date of December 17, 2010. We refer to Paulsboro as PBF LLC's Predecessor or Predecessor Paulsboro, because we generated substantially no revenues and prior to our acquisition of Paulsboro and the Delaware City assets, we were a new company formed to pursue acquisitions of crude oil refineries and downstream assets in North America. At the time of its acquisition, Paulsboro represented the major portion of our business and assets.

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### **Factors Affecting Comparability**

Our results over the past three years have been affected by the following events, which must be understood in order to assess the comparability of our period to period financial performance and condition.

#### ***Acquisition of Delaware City Refinery***

Through our subsidiaries, Delaware City Refining and Delaware Pipeline Company LLC, we acquired the idle Delaware City refinery and its related assets, including a petroleum product terminal, a petroleum products pipeline and an electric generation facility, on June 1, 2010 from Valero for approximately \$220.0 million in cash funded entirely by equity. We also incurred approximately \$4.3 million in acquisition costs. The acquisition of the Delaware City refinery and its related assets was accounted for as an acquisition of assets. The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair value. The results of operations have been included in our consolidated financial statements since June 1, 2010. For the period from June 1, 2010 until June 2011, when we began re-starting refinery operations, our results of operations included only certain minor terminal operations and substantial capital improvement activities to prepare the refinery and power plant for re-start. The refinery became fully operational in October 2011 and the results of operations prior to re-start and during the re-start period may not be indicative of our future performance.

The prior owner shut down the Delaware City refinery in the fourth quarter of 2009 due to, among other reasons, financial losses caused by one of the worst recessions in recent history. We were therefore able to acquire the refinery at an attractive price, obtain economic support from the State of Delaware to re-start the refinery, and enter into a new contract with the relevant union at the refinery.

On June 1, 2010, we hired 63 employees of the prior owner to assist us with implementing our refinery turnaround/reconfiguration plan and to conduct terminal operations at the refinery. These employees primarily held positions as engineers, refinery operators, terminal operators, dockworkers, maintenance workers and administrative staff prior to our acquisition of the refinery assets. In connection with our acquisition, we were able to negotiate a new contract with the union including: (1) reopening of the refinery with approximately 470 employees, compared to approximately 700 prior to shutdown by Valero; (2) flexibility with respect to which workers are hired (i.e., no seniority clause); (3) different benefits packages; and (4) more flexible work rules.

Since our acquisition through December 31, 2011, we invested approximately \$465.0 million at the refinery in turnaround and re-start projects. We also decommissioned the gasifier unit located at the property, which will decrease emissions and, we believe, improve the reliability of the refinery. In addition, we have completed a cogeneration project to convert the electric generation units at the refinery to use natural gas as a fuel and a hydrocracker corrosion control project aimed at increasing throughput. Through these capital investments and by restructuring certain operations, we have lowered the annual operating expenses of the Delaware City refinery relative to its pre-acquisition operating expense levels.

In connection with our re-start of the refinery, we received a \$20.0 million loan from the State of Delaware which converts to a grant contingent upon our continued operation of the refinery and certain other conditions. The State of Delaware also agreed to reimburse us \$12.0 million in the aggregate for the dredging of the Delaware River near the refinery over the next six years, granted us \$1.5 million to fund employee training programs, and granted us \$10.0 million towards the conversion of the gas turbines at the refinery to run on natural gas.

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We also obtained a new operating agreement for the Delaware City refinery that does not require construction of previously scheduled cooling water towers that the prior owner planned to spend approximately \$120.0 million to install. A decision on the cooling water tower requirement has been deferred until the next permitting cycle, approximately five years from the date of the existing permit. The permits, issued pursuant to the new operating agreement, also provide a plant-wide limit for certain emissions rather than source specific limits. Based on our shutdown of the gasifier unit and the resulting reduction of certain emissions by converting

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the combustion turbines to natural gas, we avoided additional controls on specific sources that the prior owner anticipated spending approximately \$200.0 million to install. As a result of these negotiations, we now have the operational flexibility to manage our emissions in a cost effective manner.

The Delaware City refinery has a throughput capacity of 190,000 bpd and a Nelson complexity index of 11.3. It is located on a 5,000-acre site, with access to waterborne cargoes and an extensive distribution network of pipelines, barges and tankers, truck and rail. Delaware City is a fully integrated operation that receives crude via ship or barge at its docks located on the Delaware River. The crude and other feedstocks are transported, via pipes, to an extensive tank farm where they are stored until processing. In addition, there is a 17-bay, 50,000 bpd capacity truck loading rack located adjacent to the refinery, and a 23-mile interstate pipeline that is used to distribute clean products.

### ***Acquisition of Paulsboro Refinery***

We acquired the entities that owned the Paulsboro refinery (including an associated natural gas pipeline) on December 17, 2010, from Valero for approximately \$357.7 million, excluding working capital. We paid the purchase price with the \$160.0 million Paulsboro Promissory Note and cash funded with equity. The purchase price excludes inventory purchased on our behalf by MSCG and Statoil. The acquisition was accounted for using the acquisition method of accounting. The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values. The results of operations of the Paulsboro refinery have been included in our combined and consolidated financial statements as of December 17, 2010. We invested approximately \$62.8 million in capital in early 2011 to complete a scheduled turnaround at the refinery.

Paulsboro has a throughput capacity of 180,000 bpd and a Nelson complexity index of 13.2. The Paulsboro refinery is located on approximately 950 acres on the Delaware River in Paulsboro, New Jersey, just south of Philadelphia, and approximately 30 miles away from Delaware City. The refinery processes a variety of medium and heavy, sour crude oils.

### ***Acquisition of Toledo Refinery***

Through our subsidiary, Toledo Refining, we acquired the Toledo refinery on March 1, 2011, from Sunoco for approximately \$400.0 million, excluding working capital. We paid the purchase price with the \$200.0 million Toledo Promissory Note and cash funded with equity. We also purchased refined and certain intermediate products in inventory for approximately \$299.6 million with the proceeds from a note provided by Sunoco that we subsequently repaid on May 31, 2011 with proceeds from our ABL Revolving Credit Facility, and MSCG purchased the refinery's crude oil inventory on our behalf. Additionally, included in the terms of the sale is a five-year participation payment of up to \$125.0 million payable to Sunoco based on future earnings of Toledo. See Pro Forma Contractual Obligations and Commitments.

The acquisition was accounted for using the acquisition method of accounting with the preliminary purchase price allocated to the assets acquired and liabilities assumed based on their estimated fair values. The results of operations of the Toledo refinery have been included in our consolidated financial statements as of March 1, 2011.

Toledo has a throughput capacity of 170,000 bpd and a Nelson complexity index of 9.2. Toledo processes a slate of light, sweet crudes from Canada, the Midcontinent, the Bakken region and the U.S. Gulf Coast. The Toledo refinery is located on a 282-acre site near Toledo, Ohio, 60 miles from Detroit.

*Amended and Restated ABL Revolving Credit Facility*

On May 31, 2011, we amended the terms of our ABL Revolving Credit Facility to increase its size to \$500.0 million and included certain inventory and accounts receivable of the Toledo refinery in the borrowing base. In addition, the interest rate was changed to the Adjusted LIBOR Rate plus 2.00% to 2.50%, depending on

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the excess availability, as defined, and the maturity date was extended to May 31, 2016. On an ongoing basis, the ABL Revolving Credit Facility is available to be used for working capital and other general corporate purposes. On March 13, 2012, we amended the ABL Revolving Credit Facility again to increase the aggregate size from \$500.0 million to \$750.0 million.

### ***Letter of Credit Facility***

On January 25, 2011, we entered into a short-term letter of credit facility, which was subsequently amended on April 26, 2011 and April 24, 2012, under which we can obtain letters of credit up to \$750.0 million composed of a committed maximum amount of \$500.0 million and an uncommitted maximum amount of \$250.0 million to support certain of our crude oil purchases. We are charged letter of credit issuance fees and a fee for the unused portion of the committed letter of credit facility. The facility matures on April 23, 2013.

### **Factors Affecting Operating Results**

#### ***Overview***

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

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

#### ***Benchmark Refining Margins***

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

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The performance of our East Coast refineries follows the currently published Dated Brent (NYH) 2-1-1 benchmark refining margins. For our Toledo refinery, we utilize a composite benchmark refining margin, the WTI (Chicago) 4-3-1, that is based on publicly available pricing information for products trading in the Chicago and United States Gulf Coast markets.

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

### ***Credit Risk Management***

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

### ***Other Factors***

We currently source our crude oil for Paulsboro and Delaware City on a global basis through a combination of market purchases and short-term purchase contracts through our crude supply contracts with Statoil. In addition, we have a long-term contract with the Saudi Arabian Oil Company ( SAOC ) pursuant to which we purchase a significant volume of crude oil that is processed at Paulsboro. Our Toledo refinery sources domestic and Canadian crude oil through similar market purchases through our crude supply contract with MSCG. We believe purchases based on market pricing has given us flexibility in obtaining crude oil at lower prices and on a more accurate as needed basis. Since our Paulsboro and Delaware City refineries access 100% of their crude slates from the Delaware River via ship or barge, these refineries have the flexibility to purchase crude oils from a number of different countries.

Our operating cost structure is also important to our profitability. Major operating costs include costs relating to employees and contract labor, energy, maintenance and environmental compliance. The predominant variable cost is energy, in particular, the price of utilities, natural gas and chemicals.

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

### ***Refinery-Specific Information***

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The following section includes refinery-specific information related to crude differentials, ancillary costs, and local premiums and discounts. For actual charge yields, including fuel consumed, by refinery, see Results of Operations PBF LLC.

*Delaware City Refinery.* The benchmark refining margin for the Delaware City refinery is calculated by assuming that two barrels of the benchmark Dated Brent crude oil are converted into one barrel of gasoline and one barrel of heating oil. We calculate this refining margin using the New York Harbor market value of gasoline

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and heating oil against the market value of Dated Brent crude oil and refer to the benchmark as the Dated Brent (NYH) 2-1-1 benchmark refining margin. Our Delaware City refinery has a product slate of approximately 50% gasoline, 40% distillate and 10% petroleum coke and other low-value products. For this reason, we believe the Dated Brent (NYH) 2-1-1 is an appropriate benchmark industry refining margin. The Dated Brent (NYH) 2-1-1 benchmark crack has averaged \$9.93 per barrel over the period from January 1, 2011 to December 31, 2011. The majority of Delaware City revenues are generated off NYH-based market prices.

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

the Delaware City refinery processes a slate of primarily medium and heavy, and sour crude oil, which has constituted approximately 70% to 80% of total throughput. The remaining throughput consists of sweet crude oil and other feedstocks and blendstocks. Our total throughput costs have historically priced at a discount to Dated Brent; and

as a result of the heavy, sour crude slate processed at Delaware City, we produce low value products including sulfur, petroleum coke and fuel oil. These products are priced at a significant discount to gasoline, ULSD and heating oil and represent approximately 5% to 10% of our total production volume.

*Paulsboro Refinery.* The benchmark refining margin for the Paulsboro refinery is calculated by assuming that two barrels of the benchmark Dated Brent crude oil are converted into one barrel of gasoline and one barrel of heating oil. We calculate this refining margin using the New York Harbor market value of gasoline and heating oil against the market value of Dated Brent crude oil and refer to the benchmark as the Dated Brent (NYH) 2-1-1 benchmark refining margin. Our Paulsboro refinery has a product slate of approximately 40% gasoline, 40% distillate, 5% Group I lubricants and 15% petroleum coke and other low-value products. For this reason, we believe the Dated Brent (NYH) 2-1-1 is an appropriate benchmark industry refining margin. The Dated Brent (NYH) 2-1-1 benchmark crack has averaged \$9.93 per barrel over the period from January 1, 2011 to December 31, 2011. The majority of Paulsboro revenues are generated off NYH-based market prices.

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

the Paulsboro refinery processes a slate of primarily medium and heavy, and sour crude oil, which has historically constituted approximately 70% to 80% of total throughput. These feedstocks historically have priced at a discount to Dated Brent;

as a result of the heavy, sour crude slate processed at Paulsboro, we produce low value products including sulfur, petroleum coke and fuel oil. These products are priced at a significant discount to gasoline and heating oil and represent approximately 10% to 15% of our total production volume; and

the Paulsboro refinery produces Group I lubricants which, through an extensive production process, has a low volume yield which limits the volume expansion on crude inputs.

*Toledo Refinery.* The benchmark refining margin for the Toledo refinery is calculated by assuming that four barrels of benchmark WTI crude oil are converted into three barrels of gasoline, one-half barrel of ULSD and one-half barrel of jet fuel. We calculate this refining margin using the Chicago market values of gasoline and ULSD and the United States Gulf Coast value of jet fuel against the market value of WTI crude oil and refer to this benchmark as the WTI (Chicago) 4-3-1 benchmark refining margin. Our Toledo refinery has a product slate of approximately 55% gasoline, 35% distillate, 5% petrochemicals and 5% other low-value products. For this reason, we believe the WTI (Chicago) 4-3-1 is an appropriate benchmark industry refining margin. The majority of Toledo revenues are generated off Chicago-based market prices. The WTI

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(Chicago) 4-3-1 benchmark crack has averaged \$24.14 per barrel over the period from January 1, 2011 to December 31, 2011.

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

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

the Toledo refinery is connected to its distribution network through a variety of third party product pipelines. While lower in cost when compared to barge or rail transportation, the inclusion of transportation costs increases our overall cost relative to the 4-3-1 benchmark refining margin; and

the Toledo refinery generates a pricing benefit on some of its products, primarily its petrochemicals.

**Results of Operations PBF LLC**

The tables below summarize certain information relating to our operating results derived from our audited consolidated financial data for the years ended December 31, 2009, 2010 and 2011. This data should be read in conjunction with our audited consolidated financial statements and the notes thereto included elsewhere in this prospectus.

**PBF LLC and Subsidiaries**

	Year Ended December 31, 2009	Year Ended December 31, 2010 (in thousands)	Year Ended December 31, 2011
<b>Revenues</b>	\$ 228	\$ 210,671	\$ 14,960,338
Cost of sales, excluding depreciation		203,971	13,855,163
Gross margin, excluding depreciation <sup>(1)</sup>	228	6,700	1,105,175
Operating expenses, excluding depreciation		25,140	658,831
General and administrative expenses	6,294	15,859	86,183
Acquisition related expenses		6,051	728
Depreciation and amortization expense	44	1,402	53,743
	6,338	48,452	799,485
(Loss) income from operations	(6,110)	(41,752)	305,690
Change in fair value of catalyst leases		(1,217)	7,316
Change in fair value of contingent consideration			(5,215)
Interest income (expense), net	10	(1,388)	(65,120)
<b>Net (loss) income</b>	<b>\$ (6,100)</b>	<b>\$ (44,357)</b>	<b>\$ 242,671</b>

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- (1) In order to assess our operating performance, we compare our actual gross margin (revenue less cost of sales) to industry refining margin benchmarks and crude oil prices as defined in the table below. Information is shown only for the periods during which we had refining operations. Our gross margin is a non-GAAP financial measure because it excludes depreciation expense related to the refineries (\$1.0 million and \$51.7 million for the years ended December 31, 2010 and 2011, respectively, all other periods were not material).

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	Year Ended December 31, 2010(b)	Year Ended December 31, 2011
<b>Market Indicators<sup>(a)</sup></b>		
(dollars per barrel, except as noted)		
Dated Brent crude oil	\$ 92.77	\$ 111.26
West Texas Intermediate (WTI) crude oil	\$ 90.03	\$ 95.04
<b>Crack Spreads</b>		
Dated Brent (NYH)2-1-1	\$ 10.41	\$ 9.93
WTI (Chicago) 4-3-1	\$ 10.30	\$ 24.14
<b>Crude Oil Differentials</b>		
Dated Brent (foreign) less WTI	\$ 2.74	\$ 16.22
Dated Brent less Maya (heavy, sour)	\$ 13.19	\$ 12.63
Dated Brent less WTS (sour)	\$ 5.22	\$ 18.28
Natural gas (dollars per MMBTU)	\$ 4.17	\$ 4.00
<b>Key Operating Information</b>		
Production (barrels per day in thousands)	146.5	427.9
Crude oil and feedstocks throughput (barrels per day in thousands)	143.8	429.4
Total crude oil and feedstocks throughput (millions of barrels)	2.2	128.7

(a) As reported by Platts.

(b) Data is for the period from December 17, 2010 to December 31, 2010.

**2011 Compared to 2010**

**Overview** Net income was \$242.7 million for the year ended December 31, 2011 compared to a net loss of \$44.4 million for the year ended December 31, 2010. During most of 2010, we were a development stage company focused on the acquisition of oil refineries and other downstream assets in North America and activities to turnaround, reconfigure and re-start our Delaware City refinery. Our net loss in 2010 was related to those activities, plus the results of operations of our Paulsboro refinery for the period from December 17, 2010 to December 31, 2010. Our 2011 net income primarily reflects a full year's operation of our Paulsboro refinery, the results of our Toledo refinery, which we acquired on March 1, 2011, and the results of our Delaware City refinery, which we began re-starting in June 2011 and which was fully operational in October 2011.

**Revenues** Revenues totaled \$15.0 billion for the year ended December 31, 2011 compared to \$210.7 million in the year ended December 31, 2010. The revenue increase was primarily due to the operations of our Paulsboro and Toledo refineries, and the commencement of refining operations at our Delaware City refinery, which became fully operational in October 2011. The total throughput rate at our Paulsboro refinery averaged approximately 151,400 bpd during the year ended December 31, 2011 and our Toledo refinery averaged approximately 151,400 bpd during the period from March 1, 2011 to December 31, 2011. We began re-starting our Delaware City refinery during June 2011 and it became fully operational in October 2011. Its throughput rate averaged approximately 126,600 bpd for the period from June 2011 through December 31, 2011. Our 2010 revenues were primarily related to consulting services that we provided to third parties, minor terminaling operations at our Delaware City refinery beginning June 1, 2010, and revenue from our Paulsboro refinery from December 17, 2010 to December 31, 2010. During this period, the refinery had an average throughput rate of approximately 143,800 bpd.

**Gross Margin** Gross margin, excluding depreciation, totaled \$1,105.2 million, or \$8.59 per barrel of throughput, for the year ended December 31, 2011 compared to \$6.7 million, or \$3.05 per barrel of throughput for the year ended December 31, 2010, an increase of \$1,098.5 million. The increase in gross margin in 2011 was due to the acquisition of the Toledo refinery, a full year of operations at the Paulsboro refinery, and the re-start of the Delaware City refinery during the year. Additionally, the increase in gross margin was also driven by strong margins for most of the products we produce and wider crude oil price differentials.



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Average industry refining margins and crude oil price differentials were stronger in 2011 as compared to 2010. The WTI (Chicago) 4-3-1 industry crack spread was approximately 169.1% higher in 2011 compared to 2010. The Dated Brent/WTI differential and Dated Brent/Maya differentials were \$16.17 per barrel and \$3.36 per barrel higher, respectively, in 2011 than in 2010. In 2011, we believe these industry refining margins and crude oil price differentials were impacted by supply limitations of WTI crude stored at Cushing, Oklahoma which depressed the price of WTI. In addition, the demand for crude oil increased which, in turn, increased prices for non-WTI crude worldwide. As a result, the differential between light and heavy barrels widened. A strong Dated Brent/WTI crude differential has a significant positive impact on Toledo's gross margin because its primary feedstock is mainly WTI and WTI-linked light, sweet crude oil. A wide Dated Brent/Maya crude differential, our proxy for the light/heavy differential, has a positive impact on Paulsboro and Delaware City as both refineries process a large slate of medium and heavy, sour crude oil that is priced at a discount to light, sweet crude oil.

Demand for transportation fuels has generally been higher in the spring and summer months than during the fall and winter months. As a result, we expect our operating results for the second and third quarters will generally be higher than for the first and fourth quarters.

*Operating Expenses* Operating expenses totaled \$658.8 million, or \$5.12 per barrel of throughput, for the year ended December 31, 2011 compared to \$25.1 million for the year ended December 31, 2010, an increase of \$633.7 million. Our operating expenses principally consist of salaries and employee benefits, maintenance, energy and catalyst and chemicals. Operating expenses for 2011 include our Paulsboro refinery for the entire year and our Toledo refinery from March 1, 2011 through December 31, 2011. During 2011, our Delaware City refinery was undergoing a turnaround and reconfiguration and we began re-starting the refinery in June 2011. It was fully operational in October 2011. During 2010, our operating expenses included expenses associated with the Delaware City turnaround and reconfiguration projects, minor terminaling operations, and the operating expenses of our Paulsboro refinery from December 17, 2010 to December 31, 2010. Our consolidated operating expense per barrel of \$5.12 for the year ended December 31, 2011 may not be indicative of our future performance, primarily because it included the operating expenses of Delaware City prior to the period we began re-starting the refinery and during the re-start period which began in June 2011.

*General and Administrative Expenses* General and administrative expenses totaled \$86.2 million for the year ended December 31, 2011 compared to \$15.9 million for the year ended December 31, 2010, an increase of \$70.3 million or 443.4%. The increase is primarily attributable to increased personnel, facilities and other infrastructure costs necessary to support our three operating oil refineries in 2011. During 2010, we were primarily focused on completing the acquisitions of our three refineries and starting the process of building out our infrastructure to support our transition from a development stage company to an operating entity.

*Acquisition-related Expenses* Acquisition-related expenses totaled \$0.7 million for the year ended December 31, 2011 compared to \$6.1 million for the year ended December 31, 2010, a decrease of \$5.4 million or 88.0%. Acquisition related expense in 2010 represented consulting and legal expenses related to the Paulsboro and Toledo acquisitions and other pending or non-consummated acquisitions. In addition, we capitalized \$4.3 million in acquisition related costs associated with our acquisition of the Delaware City assets. Our acquisition related expenses in 2011 were primarily related to Toledo.

*Depreciation and Amortization Expense* Depreciation and amortization expense totaled \$53.7 million for the year ended December 31, 2011 compared to \$1.4 million for the year ended December 31, 2010, an increase of \$52.3 million. The increase was principally due to a year of Paulsboro activity, the acquisition of Toledo in March 2011, commencement of depreciation in July 2011 related to the beginning of re-start activity for Delaware City, and capital expenditure activity. In the comparable period in 2010, depreciation expense related primarily to our Paulsboro refinery for the period from December 17, 2010 to December 31, 2010.

*Change in Fair Value of Catalyst Leases* Change in the fair value of catalyst leases represented a gain of \$7.3 million for the year ended December 31, 2011 compared to a loss of \$1.2 million for the year ended



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December 31, 2010. This gain or loss relates to the change in value of the precious metals underlying the sale leaseback of the Delaware City refinery and Toledo refinery precious metals catalyst, which we are obligated to repurchase at fair market value at the lease termination date.

*Change in Fair Value of Contingent Consideration* Change in the fair value of contingent consideration was \$5.2 million for the year ended December 31, 2011, compared to zero in 2010. This change represents the increase in the estimated fair value of the contingent consideration we expect to pay in connection with our acquisition of the Toledo refinery.

*Interest (Expense) Income* Interest expense totaled \$65.1 million for the year ended December 31, 2011 compared to \$1.4 million for the year ended December 31, 2010. We incurred long-term debt in connection with our acquisitions of Delaware City, Paulsboro and Toledo, giving rise to interest expense. We also incurred interest expense in connection with our crude and feedstock supply agreements with Statoil and MSCG and letter of credit fees associated with the purchase of certain crude oils.

### ***2010 Compared to 2009***

*Overview* Our net loss was \$44.4 million in 2010 compared to a net loss of \$6.1 million in 2009, an increase of \$38.3 million or 627.9%. During 2009 and throughout most of 2010, we were a development stage company focused on the acquisition of oil refineries and downstream assets in North America. Our net loss in 2009 related to costs associated with those activities. In 2010, our net loss results from acquisition activities, terminal operations and non-capitalizable maintenance activities at our Delaware City refinery, which we acquired on June 1, 2010, and the operating results of our Paulsboro refinery, which we acquired on December 17, 2010.

*Revenues* Revenues totaled \$210.7 million in 2010 compared to \$0.2 million in 2009, an increase of \$210.5 million. The increase was principally due to \$4.8 million in terminal revenues at our Delaware City refinery for the period from June 1, 2010 to December 31, 2010 and \$205.9 million in revenue at our Paulsboro refinery for the period from December 17, 2010 to December 31, 2010. Total throughput averaged 143,800 bpd at Paulsboro from December 17, 2010 to December 31, 2010. Our revenue in 2009 related primarily to consulting services that we provided to third parties.

*Gross Margin* Gross margin, excluding depreciation, totaled \$6.7 million in 2010 and \$0.2 million in 2009. Our gross margin in 2009 related to consulting activities. In 2010, we reported gross margin of \$4.8 million related to our terminal operations at our Delaware City refinery for the period from June 1, 2010 to December 31, 2010 and \$1.9 million in gross margin for our Paulsboro refinery for the period from December 17, 2010 to December 31, 2010. Gross margin at our Paulsboro refinery for December 17, 2010 through December 31, 2010 totaled \$0.98 per barrel of crude oil throughput.

*Operating Expenses* Operating expenses totaled \$25.1 million in 2010 compared to zero in 2009. We did not incur any operating expenses in 2009 as we were a development stage company without any operations. We began to incur operating expenses concurrent with our acquisition of Delaware City in June 2010, where we reported \$14.1 million in operating expenses related to terminal operations and non-capitalizable maintenance expenses incurred while the refinery was undergoing a major turnaround and reconfiguration project. Operating expenses at our Paulsboro refinery for December 17, 2010 through December 31, 2010 totaled \$11.0 million, or \$5.01 per barrel of crude oil throughput.

*General and Administrative Expenses* General and administrative expenses totaled \$15.9 million in 2010 compared to \$6.3 million in 2009, an increase of \$9.6 million or 152.0%. The increase is principally attributable to increased personnel, facilities and other infrastructure costs as we

began to build-out our back office administrative functions to support our acquisitions.

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*Acquisition-related Expenses* Acquisition-related expenses totaled \$6.1 million in 2010 compared to zero in 2009. Acquisition-related expenses in 2010 represented consulting and legal expenses related to the Paulsboro and Toledo acquisitions and other pending or non-consummated acquisitions.

*Depreciation and Amortization Expense* Depreciation and amortization expense totaled \$1.4 million in 2010 compared to \$44 thousand in 2009, an increase of \$1.4 million. This increase was principally due to our commencing operations in 2010 following the acquisitions of Delaware City and Paulsboro. In 2009, we had *de minimis* depreciable assets.

*Change in Fair Value of Catalyst Lease Obligation* Change in the fair value of catalyst lease totaled \$1.2 million in 2010 compared to zero in 2009. This charge relates to the change in value of the precious metals underlying the sale leaseback of the Delaware City precious metals catalyst, which we are obligated to repurchase at fair market value at the lease termination date.

*Interest Income (Expense)* Interest expense totaled \$1.4 million in 2010 compared to \$10 thousand of interest income in 2009. We incurred long-term debt in 2010 in connection with our acquisitions of Delaware City and Paulsboro, giving rise to interest expense. In 2009, we had no long-term debt.

**Paulsboro Refining Business PBF LLC's Predecessor**

	Year Ended December 31, 2009	Period from January 1, 2010 through December 16, 2010 (in thousands)
Operating revenues	\$ 3,549,517	\$ 4,708,989
Cost of sales, excluding depreciation	3,419,460	4,487,825
Gross Margin, excluding depreciation <sup>(1)</sup>	130,057	221,164
Operating expenses, excluding depreciation	266,319	259,768
General and administrative expenses	15,594	14,606
Asset impairment loss	8,478	895,642
Depreciation and amortization expense	65,103	66,361
Operating income (loss)	(225,437)	(1,015,213)
Interest and other income, net	1,249	500
Income (loss) before income tax expense (benefit)	(224,188)	(1,014,713)
Income tax expense (benefit)	(86,586)	(322,962)
Net income (loss)	\$ (137,602)	\$ (691,751)

- (1) In order to assess our operating performance, we compare our actual gross margin (revenue less cost of sales) to industry refining margin benchmarks and crude oil prices as defined in the table below. PBF LLC's Predecessor's gross margin is a non-GAAP financial measure because it excludes depreciation expense related to the refinery. Total depreciation expense for the period from January 1, 2010 through December 16, 2010 and the year ended December 31, 2009 was \$52.1 million and

\$52.1 million, respectively.

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	Year Ended December 31, 2009	Period from January 1, 2010 through December 16, 2010 (in thousands)
<b>Market Indicators<sup>(a)</sup></b>		
(dollars per barrel, except as noted)		
Dated Brent crude oil	\$ 61.67	\$ 79.01
West Texas Intermediate (WTI) crude oil	61.92	79.01
<b>Crack Spreads</b>		
Dated Brent (NYH) 2-1-1	8.24	9.40
WTI (Chicago) 4-3-1	8.62	8.92
<b>Crude Oil Differentials</b>		
Dated Brent (foreign) less WTI	(0.25)	0.00
Dated Brent less Maya (heavy, sour)	5.00	9.20
Dated Brent less WTS (sour)	1.27	2.13
Natural gas (dollars per MMBTU)	4.16	4.39
<b>Key Operating Information</b>		
Production (barrels per day in thousands)	147.0	153.0
Crude oil and feedstocks throughput (barrels per day in thousands)	148.6	154.0
Total crude oil and feedstocks throughput (millions of barrels)	54.2	53.9
<b>Per barrel of throughput:</b>		
Gross Margin	\$ 2.40	\$ 4.10
Operating expenses	4.91	4.82

(a) As reported by Platts.

***Paulsboro Refining Business PBF LLC's Predecessor******Period from January 1, 2010 through December 16, 2010 Compared to 2009***

**Overview** Net loss was \$691.8 million in the period from January 1, 2010 through December 16, 2010 compared to a net loss of \$137.6 million in 2009, an increase of \$554.2 million or 402.8%. The net loss in 2010 was driven primarily by the \$895.6 million impairment charge discussed below. Excluding the charge, the pretax loss would have been \$119.1 million as compared to a reported pretax loss of \$1.0 billion in 2010. The operating losses in both periods resulted from narrow margins on refined products and high operating costs to maintain the refinery.

**Operating Revenues** Operating revenues totaled \$4.7 billion in the 2010 period compared to \$3.5 billion in 2009, an increase of \$1.2 billion or 34.3%. The increase was principally due to an increase in average finished product prices. The spot prices of conventional gasoline and diesel increased approximately 27% over the period, while throughput increased 3.6%. Total throughput averaged 154,000 bpd over the 2010 period compared to 148,600 bpd in 2009.

**Cost of Sales** Cost of sales totaled \$4.5 billion in the 2010 period compared to \$3.4 billion in 2009, an increase of \$1.1 billion or 32.4%. The increase was principally due to a rise in average crude prices. The Dated Brent crude average price increased 28% from period to period, while throughput increased 3.6%. Gross margin per barrel averaged \$4.10 in 2010 versus \$2.40 per barrel in 2009.

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*Expenses* Operating expenses totaled \$259.8 million in the 2010 period compared to \$266.3 million in 2009, a decrease of \$6.5 million or 2.4%. General and administrative expenses totaled \$14.6 million in the 2010 period compared to \$15.6 million in 2009, a decrease of \$1.0 million or 6.4%. The decreases were principally due to there being 14 fewer days in 2010 as compared to a full year of 2009.

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*Asset Impairment Loss* Asset impairment loss totaled \$895.6 million in the 2010 period compared to \$8.5 million in 2009, an increase of \$887.1 million. The impairment loss in 2010 is due to the write-down of assets to their fair value in connection with the sale of the refinery to PBF. The impairment loss in 2009 related to capital projects in progress that were permanently cancelled in light of deteriorating economic conditions.

*Depreciation and Amortization Expense* Depreciation and amortization expense totaled \$66.4 million in the 2010 period compared to \$65.1 million in 2009, an increase of \$1.3 million or 2.0%. This increase was principally due to a slight increase in capital expenditures in 2010 following the decline in spending in 2009.

*Interest and Other Income and Expense* Interest and other income totaled \$0.5 million in the 2010 period compared to \$1.2 million in 2009, a decrease of \$0.7 million or 58.3%. The decrease is mainly attributable to the reversal of tax related accruals that were reversed upon expiration of the statutory audit period in 2010.

*Income Tax Expense (Benefit)* Income tax benefit totaled \$323.0 million in the 2010 period compared to income tax benefit of \$86.6 million in 2009, an increase of \$236.4 million or 273.0%. The increase was primarily due to the larger pre-tax loss in 2010 as compared to 2009.

## **Liquidity and Capital Resources**

### **Overview**

Our primary source of liquidity is our cash flows from operations and borrowing availability under our credit facilities, as more fully described below. We believe that our cash flows from operations and available capital resources will be sufficient to meet our capital expenditure, working capital, including payment of the Toledo refinery contingent consideration, and debt service requirements for the next twelve months. However, our ability to generate sufficient cash flow from operations depends, in part, on oil market pricing and general economic, political and other factors beyond our control. We believe we could, during periods of economic downturn, access the capital markets and/or other available financial resources or reduce our capital and discretionary expenditure plans to strengthen our financial position.

### ***Cash Flows Analysis PBF LLC***

#### *Cash Flows from Operating Activities*

Net cash provided by operating activities was \$249.3 million for the year ended December 31, 2011 compared to net cash used in operating activities of \$1.2 million for the year ended December 31, 2010. During 2011, our operations were comprised primarily of a full year of operations of our Paulsboro refinery, ten months of operations of our Toledo refinery, which was acquired on March 1, 2011, and activities to turnaround, reconfigure and re-start our Delaware City refinery. We began re-starting our Delaware City refinery in June 2011 and it was fully operational in October 2011. During most of 2010, we were a development stage company focused on the acquisition of oil refineries and other downstream assets in North America and activities to turnaround, reconfigure and re-start our Delaware City refinery. Our cash flow in 2010

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was related to those activities, plus the results of operations of our Paulsboro refinery for the period from December 17, 2010 to December 31, 2010. Our operating cash flows for the year ended December 31, 2011 included our net income of \$242.7 million, plus net non-cash charges relating to depreciation and amortization of \$56.9 million, stock-based compensation of \$2.5 million, pension and other post retirement benefit costs of \$9.8 million, an increase in the fair value of our inventory repurchase obligations of \$25.3 million, an increase in the fair value of the contingent consideration liability for our Toledo refinery of \$5.2 million, less a decrease in the fair value of our catalyst lease obligations of \$7.3 million. In addition, net working capital changes used \$85.8 million in cash, primarily related to the acquisition of our Toledo refinery. During 2010, our net loss of \$44.4 million was partially offset by non-cash charges totaling \$7.4 million and net cash from working capital of \$35.8 million.

Net cash used in operating activities was \$1.2 million for the year ended December 31, 2010 as compared to the net cash flows used in operating activities of \$5.8 million for the year ended December 31, 2009. During

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2010, our operating cash flows were comprised of our net loss of \$44.4 million, which was partially offset by net cash provided by working capital of \$35.8 million, as well as non-cash charges relating to depreciation and amortization of \$1.5 million, stock based compensation expense of \$2.3 million and the \$1.2 million change in the fair value of our catalyst lease obligation, the \$2.0 million change in the value of inventory repurchase obligations and other changes totaling \$0.4 million. During 2009, our net loss of \$6.1 million was primarily offset by the net impact of a non-cash charge relating to pension and other post retirement benefits and working capital changes of \$0.3 million.

*Cash Flows from Investing Activities*

Net cash used in investing activities was \$739.2 million for the year ended December 31, 2011 compared to net cash used in investing activities of \$501.3 million for the year ended December 31, 2010. The net cash flows used in investing activities in 2011 were comprised of the acquisition of the Toledo refinery of \$168.2 million, capital expenditures totaling \$488.7 million related to the reconfiguration and re-start of our Delaware City refinery, expenditures for turnarounds, primarily at our Paulsboro refinery, of \$62.8 million and expenditures for other assets of \$23.3 million, partially offset by \$4.7 million in proceeds from the sale of assets, and \$0.8 million for other investing activities. Net cash used in investing activities for the year ended December 31, 2010 were comprised of cash paid for the acquisition of Delaware City for \$224.3 million, cash paid for the acquisition of the Paulsboro refinery of \$204.9 million, \$69.1 million in expenditures primarily for the reconfiguration and re-start of the Delaware City refinery, and \$3.0 million for other capital expenditures.

Net cash used in investing activities was \$501.3 million for the year ended December 31, 2010 as compared to the net cash flows used in investing activities of \$0.1 million for the year ended December 31, 2009. The cash flows used in investing activities in 2010 reflect the acquisition of the Paulsboro refinery and pipeline and Delaware City refinery and pipeline assets totaling \$204.9 million and \$224.3 million, respectively. In addition, \$69.1 million was expended during 2010 relating to the reconfiguration of the Delaware City refinery in order to bring it back into working condition with improved reliability and efficiency. In 2010, \$3.0 million was used for other capital expenditures while, in 2009, \$0.1 million was used for other capital expenditures.

*Cash Flows from Financing Activities*

Net cash provided by financing activities was \$384.6 million for the year ended December 31, 2011 compared to \$639.2 million for the year ended December 31, 2010. For 2011, net financing cash flows were comprised of capital contributions from PBF LLC of \$408.4 million; net borrowings on our ABL Revolving Credit Facility of \$270.0 million, which was used primarily to repay our \$299.6 million seller note for Toledo inventory; proceeds totaling \$18.9 million for Delaware City construction financing which was used to fund a portion of that refinery's turnaround and re-start activity; proceeds of \$18.6 million for the sale and leaseback of Toledo's precious metals catalyst which was used to partially repay \$18.3 million of the Toledo Promissory Note; other principal repayments totaling \$2.2 million; and payments of \$11.2 million for deferred financing costs. Net cash provided by financing activities was \$639.2 million for the year ended December 31, 2010. Cash provided by financing activities consisted of capital contributions of \$483.1 million; proceeds from the Delaware Economic Development Authority Loan in connection with the Delaware City acquisition of \$20.0 million; proceeds from the Delaware City catalyst sale and leaseback of \$17.7 million; proceeds from a term loan of \$125.0 million; less the payment of deferred financing fees totaling \$6.6 million.

Net cash provided by financing activities was \$639.2 million for the year ended December 31, 2010 as compared to \$8 thousand used for the year ended December 31, 2009. In 2010, net cash provided by financing was comprised of contributions totaling \$483.1 million from PBF LLC; proceeds from an interest free loan in connection with the Delaware City acquisition of \$20.0 million; proceeds from the Delaware City catalyst sale and leaseback of \$17.7 million; proceeds from the Term Loan Facility of \$125.0 million; less the payment of deferred financing fees totaling \$6.6 million.



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### **Cash Flows Analysis of Paulsboro Refining Business PBF LLC's Predecessor**

#### ***Cash Flows from Operating Activities***

Net cash used in operating activities was \$33.7 million for the period from January 1, 2010 to December 16, 2010 as compared to the net cash used in operating activities of \$61.9 million for the year ended December 31, 2009. During the 2010 period, Paulsboro's operating cash flows were comprised of its net loss of \$691.8 million, adjusted for non-cash charges (benefits) related to depreciation and amortization expense of \$66.4 million, an asset impairment loss of \$895.6 million and a deferred tax benefit of (\$283.5) million and cash used in working capital and other changes of \$20.5 million. During 2009, net cash used in operating activities was comprised of Paulsboro's net loss of \$137.6 million, adjusted for depreciation and amortization expense of \$65.1 million, asset impairment loss of \$8.5 million and deferred tax expense of \$13.8 million and cash used in working capital and other changes of \$11.7 million.

#### ***Cash Flows from Investing Activities***

Net cash used in investing activities was \$42.4 million for the period from January 1, 2010 to December 16, 2010 as compared to the net cash flows used in investing activities of \$116.0 million for the year ended December 31, 2009. The cash flows used in investing activities in the 2010 period reflect capital expenditures of \$20.1 million, deferred turnaround and catalyst costs of \$17.0 million and other investing activities, net of \$5.2 million. For the year ended December 31, 2009, cash flows used in investing activities included capital expenditures of \$96.8 million and deferred turnaround and catalyst costs of \$19.3 million.

#### ***Cash Flows from Financing Activities***

Net cash provided by financing activities was \$76.1 million for the period from January 1, 2010 to December 16, 2010 as compared to the net cash flows provided by financing activities of \$178.0 million for the year ended December 31, 2009. In both periods, cash provided by financing activities represented net cash advances from Paulsboro's parent, Valero.

#### **Senior Secured Notes Offering**

On February 9, 2012, PBF Holding completed an offering of \$675.5 million aggregate principal amount of 8.25% Senior Secured Notes due 2020 (which we refer to as the "senior secured notes offering"). The net proceeds from the offering of approximately \$647.8 million were used to repay our Paulsboro Promissory Note in the amount of \$160.0 million, our Term Loan Facility in the amount of \$123.8 million, our Toledo Promissory Note in the amount of \$181.7 million, and to reduce indebtedness under the ABL Revolving Credit Facility. As a result of the senior secured notes offering, with the exception of our catalyst leases and construction financing, we have no long-term debt maturing before 2016. Our Executive Chairman of the Board of Directors, and certain of our other executives, purchased \$25.5 million aggregate principal amount of the senior secured notes. The senior secured notes were offered pursuant to exemptions under the Securities Act, and have not been registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

**Credit Facilities**

***ABL Revolving Credit Facility***

On May 31, 2011, we amended our ABL Revolving Credit Facility with UBS AG, Stamford Branch, as administrative agent and co-collateral agent and certain other lenders to increase its size to \$500.0 million by including certain inventory and accounts receivable of the Toledo refinery in the borrowing base. A portion of the proceeds of the ABL Revolving Credit Facility was used on the closing date thereof to repay in full all amounts then outstanding under and to terminate the Products and Intermediates Inventory Promissory Note, dated as of March 1, 2011, in an aggregate principal amount equal to \$299.6 million, issued by Toledo Refining in favor of Sunoco. On March 13, 2012, we amended the ABL Revolving Credit Facility again to increase the

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aggregate size to \$750.0 million. On an ongoing basis, the ABL Revolving Credit Facility is available to PBF Holding and its subsidiaries for working capital and other general corporate purposes and is scheduled to expire on May 31, 2016.

The ABL Revolving Credit Facility contains customary covenants and restrictions on the activities of PBF Holding and its subsidiaries, including, but not limited to, limitations on the incurrence of additional indebtedness; liens, negative pledges, guarantees, investments, loans, asset sales, mergers, acquisitions and prepayment of other debt; distributions, dividends and the repurchase of capital stock; transactions with affiliates; the ability to change the nature of our business or our fiscal year; the ability to amend the terms of the Term Loan Facility, or the senior secured note facility documents; and sale and leaseback transactions. As of December 31, 2011, we were in compliance with these covenants.

The ABL Revolving Credit Facility currently provides for revolving loans of up to an aggregate of \$750.0 million, all of which is available in the form of letters of credit. The amount available for borrowings under the ABL Revolving Credit Facility is calculated according to a borrowing base formula based on (1) 90% of the book value of eligible accounts receivable with respect to investment grade obligors plus (2) 85% of the book value of eligible accounts receivable with respect to non-investment grade obligors plus (3) 80% of the cost of eligible hydrocarbon inventory plus (4) 100% of cash and cash equivalents in deposit accounts subject to a control agreement and is subject to customary reserves and eligibility criteria and in any event cannot exceed \$750.0 million. As of December 31, 2011, \$270.0 million was outstanding under the ABL Revolving Credit Facility, which is reflected as a long-term liability on our balance sheet. Additionally, we had \$39.8 million in standby letters of credit issued and outstanding as of that date.

All obligations under the ABL Revolving Credit Facility are guaranteed (solely on a limited recourse basis to the extent required to support the lien described in clause (y) below by PBF LLC, PBF Finance Corporation, or PBF Finance, and each of our domestic operating subsidiaries and secured by a lien on (y) PBF LLC's equity interests in PBF Holding and (z) substantially all of the assets of the borrowers and the subsidiary guarantors (subject to certain exceptions). The lien of the ABL Revolving Credit Facility lenders ranks first in priority with respect to the following: all deposit accounts (other than zero balance accounts, cash collateral accounts, trust accounts and/or payroll accounts, all of which are excluded from the collateral); all accounts receivables; all hydrocarbon inventory (other than the Saudi crude oil pledged under the letter of credit facility); to the extent evidencing, governing, securing or otherwise related to the foregoing, all general intangibles, chattel paper, instruments, documents, letter of credit rights and supporting obligations; and all products and proceeds of the foregoing, collectively, the Revolving Loan Priority Collateral. As a result of the payment in full of the Term Loan Facility, the Paulsboro Promissory Note and the Toledo Promissory Note with the net cash proceeds of the senior secured notes offering in February 2012, the ABL Revolving Credit Facility is now secured solely by the Revolving Loan Priority Collateral and the lien on the other assets previously part of the ABL Revolving Credit Facility collateral was released.

### ***Letter of Credit Facility***

PBF Holding, Paulsboro Refining and Delaware City Refining are party to a letter of credit facility with BNP Paribas (Suisse) SA, or BNP, consisting of (1) a committed portion of the facility in which BNP and other committed participants agreed to provide a committed letter of credit facility up to \$500.0 million, or the Maximum Committed L/C Facility Amount, and (2) an uncommitted portion of the facility up to \$250.0 million, or the Maximum Uncommitted L/C Facility Amount, and together with the Maximum Committed L/C Facility Amount, the L/C Facility, under which letters of credit are issued from time to time at the request of and on behalf of PBF Holding in favor of Saudi Arabian Oil Company, or the Beneficiary, in connection with a crude oil sales agreement between PBF Holding and Beneficiary for the purchase of Saudi crude oil. As of December 31, 2011, there were \$241.5 million standby letters of credit issued under the letter of credit facility.

The validity period for each letter of credit is limited to three months. Each letter of credit will be issued in either United States Dollars or Euros, at our option. The letter of credit facility contains covenants and



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restrictions on PBF Holding's and Paulsboro Refining's activities, including, but not limited to, limitations on their main business purpose; modifications to purchase contracts; and affirmative obligations to notify BNP of certain material events. As of December 31, 2011, we were in compliance with these covenants. The letter of credit facility matures on April 23, 2013.

An unused commitment fee payable under the letter of credit facility is equal to 0.375% per annum on the unused portion of the Maximum Committed L/C Facility Amount. Such unused commitment fee is due and payable on a quarterly basis in arrears. Each letter of credit that is issued is subject to an issuance commission calculated on the maximum amount of each such letter of credit issued at the rate of 1.50% per annum. Such issuance commission is due and payable on a monthly basis in arrears and shall accrue from the date of issuance of each letter of credit until the earlier of its expiration date and the date of BNP's disbursement thereunder (but in any event, such commission shall not be less than the amount that would be due if the letter of credit were outstanding for a period of no less than 30 days). Additionally, letters of credit are subject to certain other customary charges of BNP for amendments and/or extensions and confirmation fees.

The letter of credit facility is secured by a lien on and security interest in PBF Holding's, Paulsboro Refining's and Delaware City Refining's right, title and interest in and to the Saudi crude oil, receivables arising from the sale or other disposition of Saudi crude oil, all contracts, bills of lading and other documents of title pertaining to the foregoing and all proceeds and products of each of the foregoing and all accessions to, substitutions, and replacements for, and rents, profits and products of each of the foregoing, all of which collateral is excluded from the Revolving Loan Priority Collateral.

## **Cash Balances**

As of December 31, 2011, our cash and cash equivalents totaled \$50.2 million. We also had \$12.1 million in restricted cash, which was included within deferred charges and other assets, net on our balance sheet. The restricted cash represents a trust fund we acquired in connection with the Paulsboro refinery acquisition and represents the estimated cost of environmental remediation obligations assumed.

## **Liquidity**

As of December 31, 2011, our total liquidity, which is the sum of our cash and cash equivalents plus the amount of availability under the ABL Revolving Credit Facility, totaled approximately \$215.4 million and on a pro forma basis, giving effect to the senior secured notes offering, would have been approximately \$396.4 million.

## **Working Capital**

Working capital at December 31, 2011 was \$286.4 million, consisting of \$1,946.5 million in total current assets and \$1,660.1 million in total current liabilities. Our working capital for financial reporting purposes is significantly impacted by the way we account for our crude and feedstock and product offtake agreements as more fully described below.

## ***Crude and Feedstock Supply Agreements***

We acquire crude oil for our Paulsboro and Delaware City refineries under supply agreements whereby Statoil purchases the crude oil requirements for each refinery on our behalf and under our direction. Statoil provides transportation and logistics services, risk management services and holds title to the crude oil until we purchase it as it enters the refinery process units. For our purchases of Saudi crude oil, we post letters of credit and Statoil arranges for shipment. Statoil pays for the crude when we are invoiced, the letter of credit is lifted, Statoil takes title and then we re-purchase the crude as it enters the refinery process units just as we do with our other crudes. We reimburse Statoil for its cost of insurance, shipping and storage and pay them an administrative

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fee and a time value of money charge for these services. We purchase and take title to the crude oil as it enters the refineries' processing units. We do not have to post letters of credit for these purchases as the supply agreements allow us to price and pay for our crude oil as it is processed, as opposed to owning the crude oil from its origination point. As a result, the amount of crude oil we own and the time we are exposed to market fluctuations is substantially reduced. Under generally accepted accounting principles we record the inventory owned by Statoil on our behalf as inventory with a corresponding accrued liability on our balance sheet because we have risk of loss while the Statoil inventory is in our storage tanks and because we have an obligation to repurchase Statoil's inventory upon termination of the agreements at the then market value.

We have a similar agreement with MSCG to supply the crude oil requirements for our Toledo refinery. Under the Toledo agreement, for the period from March 1, 2011 through May 31, 2011, MSCG held title to the crude oil until we purchased it as it entered the refinery process units. Beginning June 1, 2011, under a new agreement we take title to MSCG's crude oil at the out-of-state pipeline delivery locations. Payment for the crude oil under the Toledo agreement is due three days after it is processed by us or sold to third parties. We do not have to post letters of credit for these purchases and the Toledo agreement allows us to price and pay for our crude oil as it is processed, which reduces the time we are exposed to market fluctuations. We record an accrued liability at each period-end for the amount we owe MSCG for the crude oil that we own but have not processed. The accrued liability is based on the period-end market value, as it represents our best estimate of what we will pay for the crude oil.

In connection with the crude and feedstock supply agreements for our Paulsboro and Delaware City refineries, Statoil also purchases the refineries' production of certain feedstocks or purchases feedstocks from third parties on the refineries' behalf. Legal title to the feedstocks is held by Statoil and stored in the refineries' storage tanks until they are needed for further use in the refining process. At that time, the feedstocks are drawn out of the storage tanks and purchased by the refineries. These purchases and sales are netted at cost and reported within cost of sales. The feedstock inventory owned by Statoil remains on our balance sheet with a corresponding accrued liability.

At December 31, 2011, the LIFO value of crude oil and feedstocks owned by Statoil included within inventory on our balance sheet was \$317.7 million. The corresponding accrued liability for such crude oil and feedstocks was \$333.8 million at that date.

## ***Product Offtake Agreements***

Our Paulsboro and Delaware City refineries sell their light finished products, certain intermediates and lube base oils to MSCG under a products offtake agreement. Legal title transfers to MSCG as the products leave the process units and enter the refinery storage facilities. On a daily basis MSCG, under a payment direction agreement, pays the purchase price of certain finished products directly to Statoil, the counterparty to our crude oil and feedstocks supply agreement, effectively netting our liability for crude and feedstock purchases. Any shortfall or overage in the netting process is trued up between us and Statoil. Under generally accepted accounting principles, we defer the revenue on finished product sales and retain the inventory owned by MSCG on our balance sheet until MSCG ships the products out of our refinery storage facilities, which typically occurs within an average of six days.

In addition, MSCG purchases the daily production of certain intermediates and lube products. When needed for additional blending or sales to third parties, the Paulsboro and Delaware City refineries repurchase the intermediates or lubes from MSCG. These purchases and sales occur at the daily market price for the related products and are netted in cost of sales at cost. The inventory of intermediates and lubes owned by MSCG remain in inventory on our balance sheet and the net cash receipts result in a liability that is recorded at market price for the volumes held in storage with any change in the market price being recorded in cost of sales.

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At December 31, 2011, the LIFO value of light finished products, intermediates and lubes owned by MSCG included within inventory on our balance sheet was \$419.6 million. The corresponding deferred revenue for light finished products and accrued liability for intermediates and lubes was \$189.2 million and \$298.0 million, respectively.

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The following table summarizes our material contractual pro forma payment obligations as of December 31, 2011, after giving effect to the senior secured notes offering and the application of the net proceeds therefrom, as if they had occurred on that date.

	Total	Payments due by period			More than 5 years
		Less than 1 year	1-3 Years	3-5 Years	
Long-term debt <sup>(a)</sup>	\$ 812,660	\$ 2,765	\$ 37,740	\$ 96,655	\$ 675,500
Interest payments on debt facilities <sup>(a)</sup>	490,674	40,242	132,585	122,797	195,050
Delaware Economic Development Authority Loan <sup>(b)</sup>					
Operating leases <sup>(c)</sup>	54,640	17,341	18,617	11,621	7,061
Purchase obligations <sup>(d)</sup> :					
Crude Supply and Offtake Agreements	641,588	641,588			
Other Supply and Capacity Agreements	515,255	39,483	88,026	88,452	299,294
Delaware City construction obligations	5,909	5,909			
Refinery contingent consideration <sup>(e)</sup>	125,000	103,643	21,357		
Environmental obligations <sup>(f)</sup>	18,202	2,915	3,530	1,920	9,837
Pension and post-retirement obligations <sup>(g)</sup>	53,020	338	4,154	7,320	41,208
Total contractual cash obligations	\$ 2,716,948	\$ 854,224	\$ 306,009	\$ 328,765	\$ 1,227,950

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

Long-term obligations represent (i) the repayment of any indebtedness incurred in connection with the senior secured notes offering; (ii) the repayment of our catalyst lease obligations on their maturity dates; (iii) repayment of our Delaware City construction loan; and (iv) repayment of the pro forma balance of our ABL Revolving Credit Facility in the amount of \$87.7 million.

Interest payments on debt facilities include pro forma cash interest payments on the senior secured notes, catalyst lease obligations, the Delaware City construction loan, ABL Revolving Credit Facility, plus cash payments for the commitment fee on the unused ABL Revolving Credit Facility and letter of credit fees on the letters of credit outstanding at December 31, 2011.

**(b) Delaware Economic Development Authority Loan**

The Delaware Economic Development Authority Loan converts to a grant in tranches of \$4.0 million annually, starting at the one year anniversary of the Delaware City refinery's certified re-start date provided we meet certain criteria, all as defined in the loan agreement. We expect that we will meet the requirements to convert the loan to a grant and that we will ultimately not be required to repay the \$20.0 million loan. Our Delaware Economic Development Authority Loan is further explained at Note 8 to our financial statements for the years ended December 31, 2011, 2010 and 2009, included elsewhere in this prospectus.

**(c) Operating Leases**

We enter into operating leases in the normal course of business, some of these leases provide us with the option to renew the lease or purchase the leased item. Future operating lease obligations would change if we chose to exercise renewal options and if we enter into additional operating lease agreements. Certain of our lease obligations contain a fixed and variable component. The table above reflects the fixed component of our lease obligations. The variable component could be significant. Our operating lease obligations are further explained at the Commitments and Contingencies footnote to our financial statements, included elsewhere in this prospectus.

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**(d) *Purchase Obligations***

We have obligations to repurchase crude oil, feedstocks, certain intermediates and lube oils under various crude supply and product offtake agreements with MSCG and Statoil as further explained at the Summary of Significant Accounting Policies, Inventories and Accrued Expenses footnotes to our financial statements, included elsewhere in this prospectus.

Payments under Other Supply and Capacity Agreements include contracts for the supply of hydrogen, steam, or natural gas to certain of our refineries, contracts for the treatment of wastewater, and contracts for pipeline capacity. We enter into these contracts to ensure an adequate supply of energy or essential services to support our refinery operations. Substantially all of these obligations are based on fixed prices. Certain agreements include fixed or minimum volume requirements, while others are based on our actual usage. The amounts included in this table are based on fixed or minimum quantities to be purchased and the fixed or estimated costs based on market conditions as of December 31, 2011.

**(e) *Refinery Contingent Consideration***

In connection with the Toledo acquisition, the seller will be paid an amount equal to 25% of the amount by which the purchased assets' EBITDA exceeds \$125.0 million in a given calendar year through 2016. The purchased assets' EBITDA is calculated using calendar year earnings we have earned solely from the purchase of Toledo including reasonable direct and allocated overhead expenses, not to exceed a fixed amount in any calendar year, less interest expense, income tax expense and depreciation and amortization expense as well as any significant extraordinary or non-recurring expenses, such as an asset impairment loss and any fees or expenses incurred by us in connection with the Toledo acquisition. We paid \$103.6 million in April 2012 to Sunoco related to the amount of contingent consideration earned in 2011. The aggregate amount of all payments to be made shall not exceed \$125.0 million.

**(f) *Environmental Obligations***

In connection with the Paulsboro acquisition, we assumed certain environmental remediation obligations to address existing soil and groundwater contamination at the site and acquired a trust fund established to meet the state's related financial assurance requirement, recorded as a liability in the amount of \$12.1 million which reflects the present value of the current estimated cost of the remediation obligations assumed based on investigative work to-date. The undiscounted estimated costs related to these environmental remediation obligations were \$18.2 million as of December 31, 2011.

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

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

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

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

### **(g) *Pension and Post-retirement Obligations***

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

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### **Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements as of December 31, 2011, other than outstanding letters of credit in the amount of approximately \$281.3 million.

### **Quantitative and Qualitative Disclosures about Market Risk**

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

#### ***Commodity Price Risk***

In order to realize value from our processing capacity, we must achieve a positive spread between the cost of raw materials and the value of finished products (i.e., refinery gross product margin or crack spread). The physical commodities that comprise our raw materials and finished goods are typically bought and sold at a spot or index price that can be highly variable.

The prices of crude oil, refined products and other commodities are subject to fluctuations in response to changes in supply, demand, market uncertainty and a variety of additional factors that are beyond our control. The crude and feedstock supply agreements for our Paulsboro and Delaware City refineries allow us to take title to and price our crude oil at locations in close proximity to our refineries, as opposed to the crude oil origination point, reducing the time we are exposed to market fluctuations before the finished refined products are sold. Our offtake agreements with MSCG for our Paulsboro and Delaware City refineries allow us to sell our light finished products and certain intermediates and lube base oils as they are produced.

We carry inventories of crude oil, intermediates and refined products ( hydrocarbon inventories ) on our balance sheet, the values of which are subject to fluctuations in market prices. Our hydrocarbon inventories totaled approximately 14.7 million barrels and the average cost of our hydrocarbon inventories was approximately \$103.27 per barrel on a LIFO basis at December 31, 2011. If market prices decline to a level below the average cost, we may be required to write down the carrying value of our hydrocarbon inventories to market.

We periodically use non-trading derivative instruments to manage exposure to commodity price risks associated with the purchase or sale of crude oil, finished products and natural gas to fuel our refinery operations. We may also use non-trading derivative instruments to manage price risks associated with inventories above or below a baseline we set for our target levels of hydrocarbon inventories. We may engage in the purchase and sale of physical commodities, derivatives, options, over-the-counter products and various exchange-traded instruments. We mark-to-market our derivative instruments and recognize the changes in their fair value in our statements of operations.

#### ***Interest Rate Risk***

In March 2012, we amended the terms of our ABL Revolving Credit Facility to increase the size of our asset-based revolving credit facility from \$500.0 million to \$750.0 million. Borrowings under our ABL Revolving Credit Facility bear interest at the Adjusted LIBOR Rate plus 2.00% to 2.50%, depending on excess availability. If this facility were fully drawn, a one percent change in the interest rate would increase our interest expense by \$7.5 million annually.

We also have interest rate exposure in connection with our Statoil and MSCG crude oil and offtake agreements under which we pay a time value of money charge based on LIBOR.

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### ***Credit Risk***

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

### ***Concentration Risk***

MSCG and Sunoco accounted for 52% and 12%, respectively, of our total sales for the year ended December 31, 2011. Sunoco and Statoil accounted for 19% and 11% of total trade accounts receivable as of December 31, 2011.

### **Critical Accounting Policies**

The following summary provides further information about our critical accounting policies that involve critical accounting estimates and should be read in conjunction with Note 2 to our financial statements, which summarizes our significant accounting policies.

### ***Use of Estimates***

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

### ***Revenue and Deferred Revenue***

We sell various refined products and recognize revenue related to the sale of products when there is persuasive evidence of an agreement, the sales prices are fixed or determinable, collectability is reasonably assured and when products are shipped or delivered in accordance with their respective agreements. Revenue for services is recorded when the services have been provided.

Our Paulsboro and Delaware City refineries sell their light finished products, certain intermediates and lube base oils to MSCG under products offtake agreements. On a daily basis, MSCG purchases and pays for the refineries' production of these products as they are produced, delivered to the refineries' storage tanks and legal title passes to MSCG. The inventory associated with these sales remains on our balance sheet and the revenue is deferred until the products are shipped out of our storage facilities by MSCG, which typically occurs within an average of six days. As a result, gross margin on these product sales is deferred until shipment occurs.

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Under the offtake agreements, our Paulsboro and Delaware City refineries also enter into purchase and sale transactions of certain of their intermediates and lube base oils whereby MSCG purchases and pays for the refineries' production of certain intermediates and lube products as they are produced and legal title passes to MSCG. The intermediate products are held in the refineries' storage tanks until they are needed for further use in the refining process. The refineries have the right to repurchase lube products and do so to supply other third parties with that product. When the refineries need intermediates or when they repurchase lube products, the products are drawn out of their storage tanks, title passes back to the refineries and MSCG is paid for those products. These transactions are considered to be made in contemplation of each other and, accordingly, do not result in the recognition of a sale when title passes from the refineries to the counterparty. Inventory remains at cost, valued on a LIFO basis and the net cash receipts result in a liability that is recorded at market price for the volumes held in storage with any change in the market price being recorded in costs of sales. The liability represents the amount we expect to pay to repurchase the volumes in storage.

Our Paulsboro and Delaware City refineries sell and purchase feedstocks under supply agreements with Statoil. Statoil purchases the refineries' production of certain feedstocks or purchases feedstocks from third

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parties on the refineries' behalf. Legal title to the feedstocks is held by Statoil and the feedstocks are held in the refineries' storage tanks until they are needed for further use in the refining process. At that time the feedstocks are drawn out of the storage tanks and purchased by us. These purchases and sales are settled monthly at the daily market prices related to those feedstocks. These transactions are considered to be made in the contemplation of each other and, accordingly, do not result in the recognition of a sale when title passes from the refineries to the counterparty. Inventory remains at cost and the net cash receipts result in a liability.

### ***Inventory***

Inventories are carried at the lower of cost or market. The cost of crude oil, feedstocks, blendstocks and refined products is determined under the LIFO method using the dollar value LIFO method with increments valued based on average cost during the year. The cost of supplies and other inventories is determined principally on the weighted average cost method.

Our Paulsboro and Delaware City refineries acquire substantially all of their crude oil from Statoil under our crude supply agreements whereby we take title to the crude oil as it is delivered to our processing units. We have risk of loss while the Statoil inventory is in our storage tanks. We are obligated to purchase all the crude oil held by Statoil on our behalf upon termination of the agreements. In addition, we are obligated to purchase a fixed volume of the Paulsboro feedstocks from Statoil when the arrangement is terminated. As a result of the purchase obligations, we record the inventory of crude oil and feedstocks in the refineries' storage facilities. The purchase obligations contain derivatives that change in value based on changes in commodity prices. Such changes are included in our cost of sales.

For the period from March 1, 2011 through May 31, 2011, our Toledo refinery acquired substantially all of its crude oil from MSCG under a crude oil supply agreement whereby we took title to the crude oil as it was delivered to the refinery processing units. We had custody and risk of loss for MSCG's crude oil stored on the refinery premises. As a result, we recorded the crude oil in the Toledo refinery's storage facilities as inventory with a corresponding accrued liability. Effective June 1, 2011 we entered into a new supply agreement with MSCG under which we take legal title to the crude oil at out-of-state pipeline delivery locations. We record an accrued liability at each period-end for the amount we owe MSCG for the crude oil that we own but have not processed. The accrued liability is based on the period-end market value, as it represents our best estimate of what we will pay for the crude oil.

### ***Environmental Matters***

Liabilities for future clean-up costs are recorded when environmental assessments and/or clean-up efforts are probable and the costs can be reasonably estimated. Other than for assessments, the timing and magnitude of these accruals generally are based on the completion of investigations or other studies or a commitment to a formal plan of action. Environmental liabilities are based on best estimates of probable future costs using currently available technology and applying current regulations, as well as our own internal environmental policies. The actual settlement of our liability for environmental matters could materially differ from our estimates due to a number of uncertainties such as the extent of contamination, changes in environmental laws and regulations, potential improvements in remediation technologies and the participation of other responsible parties.

### ***Long-Lived Assets and Definite-Lived Intangibles***

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We review our long and finite lived assets for impairment whenever events or changes in circumstances indicate their carrying value may not be recoverable. Impairment is evaluated by comparing the carrying value of the long and finite lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their ultimate disposition. If such analysis indicates that the carrying value of the long and finite lived assets is not considered to be recoverable, the carrying value is reduced to the fair value. There have been no impairment indicators and therefore, no impairment reviews were performed in the year ended December 31, 2011.

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Impairment assessments inherently involve judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Although management would utilize assumptions that it believes are reasonable, future events and changing market conditions may impact management's assumptions, which could produce different results.

### ***Indefinite-lived Assets***

We consider precious metals catalyst and linefill to be indefinite-lived assets as they are not expected to deteriorate in their prescribed functions. These assets are not depreciated, but will be assessed for impairment in connection with our review of our long-lived assets.

### ***Deferred Maintenance***

Refinery turnaround costs, which are incurred in connection with planned major maintenance activities at our refineries are capitalized when incurred and amortized on a straight-line basis over the period of time estimated until the next turnaround occurs (generally three to five years).

### ***Derivative Instruments***

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

All derivative instruments that are not designated as normal purchase or sales are recorded in our balance sheet as either assets or liabilities measured at their fair values. Changes in the fair value of derivative instruments that either are not designated or do not qualify for hedge accounting treatment or normal purchase or normal sale accounting are recognized in income. Contracts qualifying for the normal purchase and sales exemption are accounted for upon settlement. Prior to June 30, 2011 we did not apply hedge accounting to any of our derivative instruments. Effective July 1, 2011, we elected fair value hedge accounting for certain derivatives associated with our inventory repurchase obligations.

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

### ***Income Taxes***

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

### **Recent Accounting Pronouncements**

There are no recently issued accounting pronouncements requiring adoption subsequent to December 31, 2011 that would have a significant impact on our results of operations or financial position.

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**INDUSTRY OVERVIEW**

**Introduction**

Oil refining is the process of separating hydrocarbon molecules present in crude oil and converting them into marketable, finished petroleum products, such as diesel fuel, gasoline, home heating oil, lubricants and petrochemicals. Refining is primarily a margin-based business where both the feedstock (primarily crude oil) and refined petroleum products are commodities with fluctuating prices. Refiners create value by selling refined petroleum products at prices higher than the costs of acquiring crude oil and other feedstocks. It is important for a refinery to maximize the yields of high value finished products and to minimize the costs of feedstock and operating expenses.

Petroleum refining is an industry that has seasonal influences as a result of differentiated consumer demand for key refined products during certain months of the year. Most importantly, demand for gasoline is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and construction work. Decreased demand during the winter months can lower gasoline prices. Consequently, refining margins and profitability have historically generally been stronger in the second and third calendar quarters of each year relative to the first and fourth calendar quarters.

The United States economy has historically been the largest consumer of petroleum-based products in the world. According to the EIA's 2011 Refinery Capacity Report, there were 137 operating oil refineries in the United States in January 2011, with a total refining capacity of approximately 16.9 million bpd. Historically, the demand for refined petroleum products has generally followed industrial production. Demand was significantly impacted by the recent recession with demand in the United States for finished petroleum products reaching near-term lows in 2009. Demand for refined products has generally started to recover since 2009, as industrial production has slowly rebounded.

This improvement, coupled with domestic refining capacity rationalization, led to an improvement in benchmark cracks in 2011. The Dated Brent (NYH) 2-1-1 benchmark crack, our proxy for Paulsboro and Delaware City, averaged \$9.93 per barrel over the period from January 1, 2011 to December 31, 2011, a 20.5% improvement over the 2009 average. The WTI (Chicago) 4-3-1 benchmark crack, our proxy for Toledo, averaged \$24.14 per barrel over the period from January 1, 2011 to December 31, 2011, a 180.1% increase versus the same average crack spread in 2009. In addition to the economic recovery, an additional driver for the improvement in the WTI (Chicago) 4-3-1 crack was a widened differential between WTI and Dated Brent, with WTI trading \$16.22 below Dated Brent on average for the period from January 1, 2011 to December 31, 2011. The recent WTI price dynamic has been impacted by current supply bottlenecks and the announcement of future infrastructure projects in Cushing, Oklahoma, as well as other factors we discuss in [Brent-WTI Differential Expansion](#).

Light-heavy differentials were also significantly impacted by the recent recession and subsequent economic rebound. The Dated Brent/Maya differential averaged \$13.02 per barrel in 2008, declined significantly to \$5.00 per barrel in 2009 and subsequently increased to \$9.27 per barrel in 2010 and then to \$12.63 per barrel in 2011. As global economic demand for crude oil increases, the marginal barrel of crude oil produced is generally a heavier, more sour crude since the light sweet crude oil is produced first. The increased demand for crude oil results in the price of light sweet crude increasing relative to heavier, more sour crudes. As the price differential for such light, sweet crudes increases, the light-heavy differential expands. This differential expansion typically favors refiners with complex facilities, like our East Coast refineries, who are able to process a heavier crude slate.

Further, our midcontinent Toledo refinery benefits from the widening of the differential between Dated Brent and WTI. Historically, Dated Brent has traded at a slight discount to WTI domestically, due to its higher sulfur content and higher transportation costs. Recently, Dated Brent has traded at a significant premium to WTI.



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The primary driver of this recent phenomenon is increasing inland domestic/Canadian oil production leading to large inventories of WTI based crude oil being subject to logistics constraints in the Midcontinent, with the primary bottleneck occurring in Cushing, Oklahoma. The over-supply of WTI at Cushing has driven the price of WTI lower, while the price of Dated Brent has increased along with global demand and the loss of supply of light, sweet crude from Libya. The Dated Brent/WTI differential averaged (\$2.81) per barrel in the year ended December 31, 2008, compared to (\$0.25) per barrel in the same period in 2009 and \$0.05 per barrel in 2010. The Dated Brent/WTI differential averaged \$16.22 per barrel in the twelve months ended December 31, 2011. We expect Dated Brent to continue to trade at a premium to WTI in the near-term due to continued logistics constraints, however infrastructure projects, if completed, such as the construction of the proposed Keystone XL pipeline and the pending Seaway pipeline reversal will likely alleviate the Cushing bottleneck in the longer term and reduce the favorable Dated Brent/WTI differential in the Midcontinent.

The refining industry is characterized by swings in profitability due to a variety of factors, including seasonality, crude supply and related pricing, product demand, weather, changes in crude quality differentials and offline refining capacity. As such, product cracks can change quickly. The cracks realized in our markets during the fourth quarter of 2011 declined, impacted by a variety of industry factors. See *Market Trends U.S. Supply and Demand Dynamics* for a more detailed discussion.

### **Refining Basics**

Refineries are uniquely designed to process specific crude oils into selected products. In general, each of a refinery's different process units performs one of three functions:

separate through distillation the many types of hydrocarbons present in crude oil into a number of different components, ranging from light to heavy;

catalytically or thermally convert the separated hydrocarbons into more desirable products; and

treat the products by removing unwanted elements and compounds.

Each function in the refining process is designed to maximize the value of the refined petroleum products produced. Below is a general description of refinery process units. Not all refineries possess each of these units.

*Distillation.* Typically crude oil is initially processed at a refinery in the atmospheric and vacuum distillation units. Crude oil is separated by boiling point in the distillation units under high heat and low pressure and recovered as hydrocarbon fractions. The lowest boiling fractions, including gasoline and LPG, vaporize and exit the top part of the atmospheric distillation unit. Medium boiling liquids, including jet fuel, kerosene and distillates such as gasoil, heating oil and diesel fuel, are drawn from the middle of the distillation unit. Higher boiling liquids, such as fuel oils and the highest boiling liquids, called residuum, are drawn together from the bottom of the atmospheric distillation unit and separated further in the vacuum distillation unit. Vacuum residues can be used for fuel oil or bitumen production. The various fractions are then pumped to the next appropriate unit in the refinery for further processing into higher value products or are sent to storage tanks for sale to customers.

*Conversion.* The next step in the refining process is to convert the hydrocarbon fractions into distinct products. One of the ways of accomplishing this is through cracking, a process that breaks or cracks higher boiling fractions into more valuable products, such as gasoline, distillates and gasoil. The most important conversion units are the crude unit, the hydrocracker, the FCC unit and the coker. Thermal cracking is

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accomplished in the visbreaking unit and/or the coker. The visbreaking unit receives heavy residuum feedstock from the crude distillation units and transforms it at high temperature into lighter products such as gasoline, naphtha, kerosene and distillates. The remaining heavy residuum from the visbreaker has a lower viscosity than the heavy residuum from the crude distillation unit, which means that fewer diluents have to be added to be able to use the residuum as fuel oil. The coker upgrades residuum into naphtha, distillate and gasoil and produces coke as a residual. Catalytic cracking is accomplished in the hydrocracker and/or FCC unit. Hydrocrackers

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receive feedstocks from cokers, FCCs and crude distillation units and convert lower value intermediate products into gasoline, naphtha, kerosene and distillates under very high pressure in the presence of hydrogen and a catalyst. The FCC unit converts gasoil and some residual from the crude distillation units into LPG, gasoline and distillates by applying heat in the presence of a catalyst. An FCC unit produces a higher percentage of gasoline, whereas a hydrocracker produces a higher percentage of diesel.

*Reforming.* The reformer converts naphtha, or low-octane gasoline fractions, into higher octane gasoline blendstocks, which are used to increase the overall octane level of the gasoline pool. The alkylation unit reduces the vapor pressure and enhances the octane of gasoline blendstocks produced by the FCC and coker units through the conversion of light olefins to heavier, high-octane paraffins.

*Removal of Impurities.* Lastly, the intermediate products from the distillation and conversion processes are treated to remove impurities, such as sulfur, nitrogen and heavy metals and are processed to enhance octane, reduce vapor pressure and to meet other product specifications. Treatment for sulfur, nitrogen and metals is most commonly accomplished in hydrotreating units by heating the intermediates under high pressure in the presence of hydrogen and catalysts.

## **Crude Oil**

The quality of crude oil dictates the level of processing and conversion necessary to achieve the optimal mix of finished products. Crude oils are classified by their density (light to heavy) and sulfur content (sweet to sour).

*Density.* The less dense the crude, the lighter and thinner it is. Conversely, the more dense the crude, the heavier and thicker it is. Density is technically classified by the American Petroleum Institute in terms of API degrees. The higher the API degree, the lighter the crude oil. Light crude oils generally exceed 35° API, while heavy crude oils feature densities of 28° API or less. Crude oil varieties within the range of 28° API and 35° API are commonly known as medium crude oils.

*Sulfur content.* Crude is considered sweet, or low-sulfur, if its sulfur content is less than 1.0% and sour, or high-sulfur, if its sulfur content is 1.0% or more. The terms light, medium and heavy when used in reference to crude oils refer to their API gravity and the terms sweet and sour refer to their sulfur content. These terms are often used in conjunction with each other to describe the qualities of crude oil. Light sweet crude oils typically are more expensive than heavy, sour crude oils because they require less treatment and, therefore, lower operating costs to produce a slate of products with a greater percentage of higher value, light refined products. Heavy and sour crude oils produce a greater percentage of lower value products with simple distillation and require additional processing and higher operating costs to produce the higher value, light refined products. In seeking to maximize their refining margins, refiners strive to process the optimal mix or slate of crude oils through their refineries, depending on their refinery's conversion and treating equipment, the desired product output and the relative price of available crude oils.

## **Industry Terminology**

### *Crack Spreads*

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Crack spreads are a proxy for refining margins and refer to the margin that would be derived from the simultaneous purchase of crude oil and the sale of refined petroleum products, in each case at the then-prevailing price. The 2-1-1 crack spread assumes two barrels of crude oil will be converted, or cracked, into one barrel of gasoline and one barrel of heating oil or diesel fuel. Average 2-1-1 crack spreads vary from region to region throughout the United States, depending on the supply and demand balances of crude oils and refined products. For example, our Toledo refinery utilizes a compound 4-3-1 crack spread as a benchmark. In this example, four barrels of crude oil will be converted to three barrels of gasoline, one-half barrel of jet fuel and one-half barrel of ULSD.

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Actual refinery margins vary from benchmark crack spreads due to the actual crude oils used and products produced, transportation costs, regional differences and the timing of the purchase of the feedstock and sale of light products.

### ***Benchmark Crudes***

Oil prices and quality are usually stated by reference to certain benchmarks, including:

WTI, the benchmark for North American crude oil, is lighter and sweeter than Brent. WTI typically has a gravity of approximately 38° to 40° API and sulfur content of approximately 0.3%. WTI is typically priced FOB Cushing, Oklahoma, which is a price settlement point for trades on the NYMEX.

Dated Brent is the price of all ready shipments of Brent blend, a light sweet North Sea crude oil. Brent blend has a gravity of approximately 38° API and sulfur content of approximately 0.4%. Most of the Brent blend is refined in northwest Europe, but significant volumes are also shipped to the United States and the Mediterranean region. Oil production from Europe, Africa and the Middle East flowing west tends to be priced off the Dated Brent benchmark. According to the Intercontinental Exchange, this benchmark is currently used for pricing two-thirds of the world's internationally traded crude oil supplies. Brent blend has a rolling price assessment based on the physical Brent Forties Oseberg crude oil cargoes loading not less than ten days forward and loaded FOB at the named port of shipment.

### ***Light-Heavy Differential***

The light-heavy differential is the price differential between heavy (high density), sour (high sulfur) and light (low density), sweet (low sulfur) crude oils. In general, the heavier, sour crude blends trade at a discount to lighter, sweet crudes that are easier for refiners to process.

### ***Product Differentials***

Because refineries produce many other products that are not reflected in crack spreads, product differentials relative to the products reflected in the crack spreads are calculated to analyze a given refinery's product mix advantage. Refineries that have an economic advantage are those that produce relatively high volumes of premium products, such as premium and reformulated gasoline, low-sulfur diesel fuel and jet fuel and relatively low volumes of lesser valued products, such as LPG, residual fuel oil, petroleum coke and sulfur.

### ***Operating Costs***

Major operating costs for refineries include employee labor, maintenance and energy. Employee labor and maintenance are relatively fixed costs that generally increase proportional to inflation. By far, the predominant variable cost is energy such as refinery fuel gas, natural gas, hydrogen, electricity and water.

***Refinery Products***

The main refinery products, not all of which we produce, are as follows:

*Petroleum Gases.* Petroleum gases are the lightest products of the refining process, primarily consisting of methane, ethane, propane and butane. Their primary uses include heating and use as an intermediary in petrochemical manufacturing processes. Petroleum gases are often liquefied under pressure to create LPG, consisting primarily of propane and butane, for use as a fuel and an intermediate material in the petrochemical manufacturing process.

*Petrochemicals.* Many products derived from crude oil refining, such as ethylene, propylene, butylene, isobutylene, tetramer, nonene, toluene, xylene and benzene are primarily intended for use as petrochemical feedstocks in the production of plastics, synthetic fibers, synthetic rubbers and other products. A variety of petrochemicals are produced for use as solvents, including benzene, toluene and xylene.

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*Gasoline.* One of the most significant refinery products is motor gasoline. Various gasoline blendstocks, including RBOB and CBOB, are blended to achieve specifications for regular and premium grades in both summer and winter gasoline formulations. Additives are often used to enhance performance and provide protection against oxidation and rust formation.

*Naphtha.* Naphtha is a low-octane gasoline product used as a feedstock by the chemicals industry and for catalytic reforming and the production of hydrogen.

*Middle Distillates.* Middle distillates are diesel fuels, heating oil and kerosene. Diesel fuels are used for on-road vehicles, construction equipment, locomotives and stationary and marine engines. Heating oil fuels are used for home heating, oil-fired heating plants and boilers. Kerosene is used for jet fuel, cooking, space heating, lighting and solvents and for blending into diesel fuel.

*Fuel Oil.* Fuel oils are petroleum products that are used as fuels for industrial and utility boilers.

*Residual Fuels.* Many marine vessels, power plants, commercial buildings and industrial facilities use residual fuels or combinations of residual and distillate fuels for heating and power generation. Bitumen, a low-value residual product, is used primarily for asphalt coating of roads and roofing materials.

*Petroleum Coke.* Petroleum coke, a co-product of the coking process, is almost pure carbon and has a variety of uses. Fuel-grade coke is used primarily by power plants as fuel for producing electricity. Premium grades of coke, low in sulfur and metal content, are used as anodes for the manufacture of aluminum.

*Niche Refined Petroleum Products.* Various refined petroleum products are produced in relatively small quantities such as lubricant base oils, biofuels and other refined petroleum products. These products are commonly used as blending components for transportation fuels or as lubricants.

## **Industry Characteristics**

### ***Refinery Complexity***

Refinery complexity refers to an oil refinery's ability to process feedstocks, such as heavier and higher sulfur content crude oils, into value-added products. Refinery complexity is commonly measured by the Nelson Complexity Index. The Nelson Complexity Index assigns a complexity factor to each major piece of refinery equipment based on its complexity and cost in comparison to crude distillation, which is assigned a complexity factor of 1.0. The complexity of each piece of refinery equipment is then calculated by multiplying its complexity factor by its throughput ratio as a percentage of crude distillation capacity. Adding up the complexity values assigned to each piece of equipment, including crude distillation, determines a refinery's complexity on the Nelson Complexity Index. A refinery with a complexity of 10.0 on the Nelson Complexity Index is considered ten times more complex than crude distillation for the same amount of throughput. The average Nelson complexity index for refineries on the East Coast and in the Midcontinent is 9.3 and 10.1, respectively.

*Refinery Locations*

The location of an oil refinery has an important impact on its refining margin since the location influences its ability to access feedstocks and distribute its products efficiently. The location also dictates whether the feedstocks and products can be transported via sea tanker vessels, pipelines, rail or tank trucks. Refiners seek to maximize their profits by placing their products in the markets where they receive the highest margins. Due to their lower logistics costs, oil refineries located in coastal areas typically have a competitive advantage over oil refineries located inland in sourcing crude oil supplies. Nevertheless, certain inland refineries with niche market positions may also have significant competitive advantages. For example, refiners whose refineries and logistics systems are situated in areas of high petroleum consumption enjoy a competitive advantage over other suppliers

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in product distribution and in satisfying local demand. The map below shows the five regions in the U.S. (called Petroleum Administration for Defense Districts, or PADDs), which have historically experienced varying levels of refining profitability due to regional market conditions.

Our Delaware City and Paulsboro refineries are located within 30 miles of each other on the East Coast in PADD 1, and our Toledo refinery is located in the Northeastern portion of PADD 2.

### ***Ownership of Refineries***

Refineries typically are owned by either integrated oil companies or independent entities.

Integrated oil companies have upstream operations, which are concerned with the exploration and production of crude oil, combined with downstream activities, or refining, marketing and other operations; such as gas, petrochemicals, power and transportation operations.

An independent refiner has no source of proprietary crude oil production; it purchases its feedstocks on the open market under term or spot contracts.

Refiners primarily distribute their products through either wholesale or retail channels. Oil refining companies that operate as wholesalers principally sell their refined petroleum products under term and spot contracts to their customers. Many refiners, both integrated and independent, distribute part of their refined products through retail outlets.

In recent years, integrated oil companies have sought to lower their exposure to the refining sector through divestments and rationalization of their refining portfolio. We believe this trend will continue.

### **Market Trends**

***U.S. Supply and Demand Dynamics.*** Petroleum refining is an industry that has seasonal influences as a result of differentiated consumer demand for key refined products during certain months of the year. Most importantly, demand for gasoline is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and construction work. Decreased demand during the winter months can lower gasoline prices. Consequently, refining margins and profitability have historically generally been stronger in the second and third calendar quarters of each year relative to the first and fourth calendar quarters.



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Supply and demand dynamics can vary greatly by region, creating differentiated margin opportunities at any given time for refiners depending on the location of their facilities. The refined product volumes necessary to satisfy demand in excess of production in areas where we operate are sourced from refineries located outside of such areas, including the United States Gulf Coast. Our Delaware City and Paulsboro refineries are both located on the East Coast (PADD 1) where product demand exceeds refinery capacity. We expect that this demand/capacity imbalance may continue in PADD 1. Our Toledo refinery is located in the Midcontinent (PADD 2). According to the EIA, total demand for refined products in the Midcontinent has represented approximately 25% of refined products demand in the United States for the past decade. Within the Midcontinent, refined product production capacity currently is insufficient to meet demand, so significant volumes are imported from other areas. The recent demand and capacity dynamic by PADD is outlined in the following chart:

*Increasing Demand for Products Meeting Tighter Specifications.* We expect that products meeting new and evolving stricter fuel specifications could account for an increasing share of total fuel demand, which may benefit refiners that possess the capabilities to blend and process these fuels. Tightened petroleum product specifications and the increased role of renewable raw materials have resulted in increasing demand for new high-quality transportation fuels and other products, such as ULSD and biodiesel. Demand for low-sulfur products in the United States is expected to increase further as the mandatory maximum sulfur limit for certain distillates is lowered from the current limit of 50 PPM to 15 PPM.

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**Refined Product Cracks.** During the course of 2011, as the world-wide and domestic economic outlook and performance continued to recover from the credit crisis, the demand for refined products improved. This improvement, coupled with refining capacity rationalization, has led to a positive refining margin environment for the industry. The charts below show the Dated Brent (NYH) 2-1-1 spread, the benchmark crack spread for our Delaware City and Paulsboro refineries, and the WTI (Chicago) 4-3-1 spread, the benchmark crack spread for our Toledo refinery, over the last two years.

**Light-Heavy Differential Expansion.** Recently the light-heavy differential has expanded. This differential expansion typically favors complex refiners, like our East Coast refineries, who are able to process the heavier crude varieties. As global economic demand for crude oil increases, the marginal barrel of crude oil produced is a heavier, more sour crude. The following chart shows the price differential between Dated Brent and Maya over the last two years.

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***Brent WTI Differential Expansion.*** Historically, Dated Brent has traded at a slight discount to WTI domestically, due to its higher sulfur content and higher transportation costs. Recently, Dated Brent has traded at a significant premium to WTI. The primary driver of this recent phenomenon is increasing inland domestic/Canadian oil production leading to large inventories of WTI based crude oil being subject to logistics constraints in the Midcontinent, with the primary bottleneck occurring in Cushing, Oklahoma. The over-supply of WTI at Cushing has driven the price of WTI lower, while the price of Dated Brent has increased along with global demand and the loss of supply of light, sweet crude from Libya. The following chart shows the price differential between WTI and Dated Brent over the last two years, a key determinant of margins at our Toledo refinery. We expect Dated Brent to continue to trade at a premium to WTI in the near term due to continued logistics constraints, however infrastructure projects, if completed, such as the construction of the proposed Keystone XL pipeline and the pending Seaway pipeline reversal will likely alleviate the Cushing bottleneck in the longer term and reduce the favorable Dated Brent/WTI differential in the Midcontinent.

**Table of Contents****BUSINESS****Overview**

We are one of the largest independent petroleum refiners and suppliers of unbranded transportation fuels, heating oil, petrochemical feedstocks, lubricants and other petroleum products in the United States. We were formed in 2008 to pursue acquisitions of crude oil refineries and downstream assets in North America. We currently own and operate three domestic oil refineries and related assets, which we acquired in 2010 and 2011. Our refineries have a combined processing capacity, known as throughput, of approximately 540,000 bpd.

March 1, 2008	PBF was formed.
June 1, 2010	The idle Delaware City refinery and its related assets were acquired from Valero for approximately \$220.0 million.
December 17, 2010	The Paulsboro refinery was acquired from Valero for approximately \$357.7 million, excluding working capital.
March 1, 2011	The Toledo refinery was acquired from Sunoco for approximately \$400.0 million, excluding working capital.
October 2011	Delaware City became fully operational.
February 2012	PBF Holding sold \$675.5 million aggregate principal amount of 8.25% Senior Secured Notes due 2020.

Our three refineries are located in Delaware City, Delaware, Paulsboro, New Jersey and Toledo, Ohio. Our East Coast refineries at Delaware City and Paulsboro have a combined refining capacity of 370,000 bpd and Nelson complexity indices of 11.3 and 13.2, respectively. These refineries process primarily medium, sour crudes and receive the bulk of their feedstock via ships and barges on the Delaware River. Our Midcontinent refinery at Toledo processes light, sweet crude, has a throughput capacity of 170,000 bpd and a Nelson complexity index of 9.2.

**Our Competitive Strengths**

We believe that we have the following competitive strengths:

*Complex assets with a valuable product slate located in high-demand regions.* Our refinery assets are located in regions where product demand exceeds refining capacity. Our refineries have a weighted average Nelson complexity index of 11.3, which allows us the flexibility to process a variety of crudes. Our East Coast refineries have the highest Nelson complexity indices on the East Coast. The complexity of our refining assets allows us to produce a higher percentage of more valuable light products. For example, our East Coast refineries produce a greater percentage of distillates versus gasoline than other East Coast refineries and have 100% of the East Coast's heavy coking capacity. Similarly, our Toledo refinery is a high conversion refinery with high gasoline and distillate yields and also produces high-value petrochemical products.

*Strategically located refineries with cost and supply advantages.* Our Midcontinent Toledo refinery advantageously sources 100% of its WTI based crude slate through pipelines that are connected to sources in Canada and throughout the Midcontinent. Recent increases in production

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volumes of crudes from Canada and the Midcontinent combined with limitations on takeaway capacity in Cushing, Oklahoma have resulted in a price discount for WTI based crudes compared to Brent based crudes. While projects to increase takeaway capacity at Cushing may decrease the WTI/Brent price differential in the longer term, we believe that our access to WTI based crudes at Toledo provides us with a cost advantage versus facilities that do not have similar access to such crudes and must process Brent based feedstocks. Our Toledo refinery is also located in a region where production capacity is less than product demand and has logistical advantages over product imported from other areas. Our Delaware City and Paulsboro refineries have similar supply advantages given that they obtain 100% of their crude oil requirements via the Delaware River, which allows our refineries to source a variety of crudes from

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around the world. In addition, our East Coast refineries generally process lower cost, heavier, more sour crude oils which gives us a cost advantage over other refineries in the same region. As the two most complex refineries on the East Coast, our Delaware City and Paulsboro refineries are well positioned to benefit from the continued rationalization of refining capacity in the Atlantic Basin. Additionally, future crude supply may emerge from the development of the Utica Shale play (located in portions of the Appalachian Basin and Canada), which could potentially bring significant oil production online in regional proximity to all three of our refineries, providing an attractive feedstock source with low associated transportation cost.

*Significant scale and diversification.* We currently operate three refineries with a combined crude throughput of 540,000 bpd making us the fifth largest independent refiner in the United States. Our refineries provide us diversification through crude slates, end products, customers and geographic locations. Our scale provides us buying power advantages, and we benefit from the cost efficiencies that result from operating three large refineries.

*Recent capital investments and restructuring initiatives to improve financial returns.* Prior owners of our refineries made over \$2.5 billion of capital investments in the assets since 2006, improving their operating performance and minimizing the need for near-term capital expenditures. Since our acquisition through December 31, 2011, we invested approximately \$465.0 million at the Delaware City refinery in turnaround and re-start projects that will improve the cost structure and profitability of the refinery, as well as a complete turnaround of the fluid catalytic cracking unit. We have also undertaken a significant restructuring of the operations at Delaware City to improve its operating cost position, including reductions in labor costs compared to operations before shutdown by Valero, reductions in energy costs and reductions in other ongoing operating and maintenance expenses. Management estimates that the Delaware City restructuring has reduced the refinery's annual operating expenses by over \$200.0 million relative to pre-acquisition operating expense levels. Additionally, we invested approximately \$62.8 million to complete a scheduled turnaround at Paulsboro in early 2011. The resulting combination of limited near-term capital requirements and improved operating cost structure will help maximize future financial performance.

*Limited exposure to historical environmental claims.* We believe we have limited exposure to historical environmental claims at our refineries. In connection with the acquisitions of our refineries, subject to certain limitations, the prior owners generally have retained responsibility for environmental liabilities for all periods prior to our ownership. Accordingly, with certain exceptions, we should only be responsible for environmental liabilities starting from when we acquired these refineries, or to the extent the prior owners fail to satisfy their obligations to us with respect thereto.

*Advantageous crude supply and product offtake agreements.* We maintain strong commercial relationships, including with MSCG and Statoil. We have entered into a crude oil acquisition agreement with MSCG for our Toledo refinery and product offtake agreements with MSCG for our Paulsboro and Delaware City refineries. We have also entered into crude and feedstock supply agreements with Statoil for our Delaware City and Paulsboro refineries. These agreements, which were put in place to facilitate our rapid growth and transition from a development stage organization to an operating entity, enable us to leverage each of MSCG's and Statoil's global scale and infrastructure, as well as each of their respective expertise in the sourcing of crude oil and the sale of finished products. These financing arrangements with MSCG and Statoil, which include advantageous payment terms have enabled us to maintain relatively low working capital requirements and provided financial flexibility across our capital structure as we executed our rapid growth in 2010 and 2011. Our agreements with MSCG expire in June 2013 (subject to annual renewals and certain early termination rights) and with Statoil for Delaware City in December 2012 (subject to Statoil having an option to extend for up to three additional years) and for Paulsboro by either party at any time upon six months prior notice to the other party.

*Experienced management team with a demonstrated track record of acquiring, integrating and operating refining assets.* Our management team is led by our Executive Chairman of the Board of Directors, Thomas D. O'Malley, who has more than 30 years experience in the refining industry. In addition, our executive



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management team, including our Chief Executive Officer, Thomas J. Nimbley, our President, Michael D. Gayda, and our head of Commercial Operations, Donald F. Lucey, has a proven track record of successfully operating refining assets in the United States and Europe. Our core management team has significant experience working together, including while at Tosco Corporation and Premcor. These executives have a long history of acquiring refineries at attractive prices and integrating these operations into a single, consolidated platform. For example, we believe we acquired the Paulsboro, Delaware City and Toledo refineries at or near the bottom of the refining cycle at a small fraction of replacement cost. These acquisitions were made at lower prices on a per barrel basis and significantly lower prices on a complexity barrel basis than other comparable acquisitions over the past five years.

*Support from strong financial sponsors and management with a substantial investment.* Our financial sponsors, funds affiliated with Blackstone and First Reserve, have a long history of successful investments across the energy industry. Together, our financial sponsors and management have invested approximately \$922.6 million of equity in PBF LLC to date, with management investing over \$25.0 million. In addition, Thomas D. O Malley, our Executive Chairman of the Board of Directors, certain of his affiliates and family members, and certain of our other executives, purchased \$25.5 million aggregate principal amount of senior secured notes in the notes offering.

## **Our Business Strategy**

Our primary goal is to create stockholder value by improving our market position as one of the largest independent refiners and suppliers of petroleum products in the United States. We intend to execute the following strategies to achieve our goal:

*Maintain efficient refinery operations.* We intend to operate our refineries as reliably and efficiently as possible and further improve our operations by maintaining our costs at competitive levels, seeking to optimize utilization of our refinery asset base, and making focused high-return capital improvements designed to generate incremental profits.

*Continue to improve overall operating efficiencies.* We are continuously looking for ways to improve our overall operating efficiencies. For example, our refineries in Paulsboro and Delaware City are located approximately 30 miles apart from one another on the Delaware River. Both refineries have the capability to process heavy, sour crudes and have complementary operating units and we intend to exchange certain feedstocks and intermediates between the refineries in an effort to optimize profitability. In addition, we expect to recognize cost savings associated with the sharing of crude oil cargoes for these refineries. We employ a small, centralized corporate staff that provides capital control and oversight and have experienced managers making operational decisions at our refineries.

*Continue to grow through acquisitions and internal projects.* We believe that the continuing consolidation in our industry, the strategic divestitures by major integrated oil companies and the rationalization of specific refinery assets by merging companies will present us with attractive acquisition opportunities. In selecting future acquisitions and internal projects, we intend to consider, among other things, the following criteria: performance through the cycle, access to advantageous crude supplies, attractive refined product end market fundamentals, access to storage, distribution and logistics infrastructure, acquisition price and our ability to maintain a conservative capital structure, and synergies with existing assets.

*Promote operational excellence in reliability and safety.* We will continue to devote significant time and resources toward improving the reliability and safety of our operations. We will seek to improve operating performance through our commitment to our preventive maintenance program and to employee training and development programs. We will continue to emphasize safety in all aspects of our operations. We believe that a superior reliability record, which can be measured and managed like all other aspects of our business, is inherently tied to safety and profitability.



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*Create an organization highly motivated to maintain earnings and improve return on capital.* We have created an organization in which employees are highly motivated to maintain earnings and improve return on capital. Our cash incentive compensation plan, which covers all non-unionized employees, is solely based on achieving earnings above designated levels. Our equity incentive plan provides participating employees with an equity stake in us and aligns their interests with our investors' interests.

## **Refining Operations**

We currently own and operate three refineries, all located in regions with favorable market dynamics where finished product demand exceeds operating refining capacity. We produce a variety of products at each of our refineries, including gasoline, ULSD, heating oil, jet fuel, lubricants, petrochemicals and asphalt. The products are sold throughout the Northeast and Midwest United States, as well as in other regions of the United States and Canada.

### **Delaware City Refinery**

*Acquisition and Re-Start.* Through our subsidiaries, Delaware City Refining and Delaware Pipeline Company LLC, we acquired the idle Delaware City refinery and its related assets, including a petroleum product terminal, a petroleum products pipeline and an electric generation facility, on June 1, 2010 from affiliates of Valero for approximately \$220.0 million in cash funded entirely by equity; consisting of approximately \$170.0 million for the refinery, terminal and pipeline assets and \$50.0 million for the power plant complex located on the property. We also incurred approximately \$4.3 million in acquisition costs.

The refinery was commissioned in 1956, and was most recently operated, and ultimately shut down in November 2009, by affiliates of Valero. The Delaware City refinery began production in 1957 as part of the Tidewater Oil Company. In 1967, the Tidewater Oil Company merged into Getty Oil Company. The refinery became an important part of Texaco's domestic refining portfolio when Texaco acquired Getty in 1984. The Delaware City refinery was part of Star Enterprise, a joint venture between Texaco and Saudi Refining from 1989 until 1998, when it became one of Motiva Enterprises LLC's refineries. A subsidiary of Premcor, which later merged with Valero in August 2005, purchased Delaware City from Motiva in 2004.

In the fourth quarter of 2009, due to, among other reasons, financial losses caused by one of the worst recessions in recent history, the prior owner shut down the Delaware City refinery. We were therefore able to acquire the refinery at an attractive price. In addition, at the time of acquisition, we reached an agreement with the State of Delaware that provided for a five-year operating permit and up to approximately \$45.0 million of economic support to re-start the facility, and negotiated a new long-term contract with the relevant union at the refinery. We believe that the refinery's ability to process lower quality crudes will allow us to capture a higher margin as these lower quality crudes trade at discounts to benchmark crudes, and to compete effectively in a region where product demand significantly exceeds refining capacity.

Since our acquisition through December 31, 2011, we invested approximately \$465.0 million at the refinery in turnaround and re-start projects. We also decommissioned the gasifier unit located at the property, which will decrease emissions and, we believe, improve the reliability of the refinery. In addition, we have completed a cogeneration project to convert the electric generation units at the refinery to use natural gas as a fuel and a hydrocracker corrosion control project aimed at increasing throughput. Through these capital investments and by restructuring certain operations, management estimates that we have lowered the annual operating expenses of the Delaware City refinery by approximately \$ million. This estimate includes operating expense reductions (maintenance, labor, etc.) of approximately \$ million, reduced annual energy costs of \$ million, \$ million of savings from decommissioning the gasifier and approximately \$ million of additional savings from improved reliability of the refinery and decreased operating expenses.

In connection with our re-start of the refinery, we received a \$20.0 million loan from the State of Delaware which converts to a grant contingent upon our continued operation of the refinery and certain other conditions.

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The State of Delaware has also agreed to reimburse us \$12.0 million in the aggregate for the dredging of the Delaware River near the refinery over the next six years, granted us \$1.5 million to fund employee training programs and granted us \$10.0 million towards the conversion of the gas turbines at the refinery to run on natural gas. Furthermore, we anticipate saving in excess of \$100.0 million over approximately the next five years in capital expenditures we otherwise would have expected to make if not for our reconfiguration of the refinery and the terms of our environmental operating agreement issued by the State of Delaware.

*Overview.* The Delaware City refinery is located on a 5,000-acre site, with access to waterborne cargoes and an extensive distribution network of pipelines, barges and tankers, truck and rail. Delaware City is a fully integrated operation that receives crude via ship or barge at its docks located on the Delaware River. The crude and other feedstocks are transported, via pipes, to an extensive tank farm where they are stored until processing. In addition, there is a 17-bay, 50,000 bpd capacity truck loading rack located adjacent to the refinery and a 23-mile interstate pipeline that is used to distribute clean products.

The Delaware City refinery has a throughput capacity of 190,000 bpd and a Nelson complexity index of 11.3. As a result of its configuration and process units, Delaware City has the capability of processing a heavy slate of crudes with a high concentration of high sulfur crudes and is one of the largest and most complex refineries on the East Coast. The Delaware City refinery is one of two heavy coking refineries, in addition to Paulsboro, on the East Coast of the United States with coking capacity equal to approximately 25% of crude capacity.

The Delaware City refinery processes a variety of medium to heavy, sour crude oils. The refinery has large conversion capacity with its 82,000 bpd FCC unit, 47,000 bpd FCU and 18,000 bpd hydrocracking unit with vacuum distillation. Hydrogen is provided via the refinery's steam methane reformer and continuous catalytic reformer.

### **Delaware City Process Flow Diagram**

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

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

*Feedstocks and Supply Arrangements.* In April 2011, we entered into a crude and feedstock supply agreement with Statoil that expires in December 2012, subject to Statoil having an option to extend the term for a period of up to three additional years. Pursuant to the agreement, we direct Statoil to purchase crude and other feedstocks for Delaware City and Statoil purchases these products on the spot market. Accordingly, Statoil enters into, on our behalf, hedging arrangements to protect against changes in prices between the time of purchase and the time of processing the feedstocks. In addition to procurement, Statoil arranges transportation and insurance for the crude and feedstock supply and we pay Statoil a per barrel fee for their procurement and logistics services. Statoil holds title to the crude and feedstocks until we run the crude or feedstocks through our process units. We pay Statoil on a daily basis for the corresponding volume of crude or feedstocks that are consumed in conjunction with the refining process. This crude supply and feedstock arrangement helps us reduce the amount of investment we are required to maintain in crude inventories and, as a result, helps us manage our working capital.

*Product Offtake.* We sell the bulk of Delaware City's clean products to MSCG through our long-term offtake agreement, which has an initial term expiring in June 2013, subject to certain early termination rights and automatic one-year renewals unless otherwise terminated by either party. MSCG purchases 100% of our finished clean products at Delaware City, which includes gasoline, heating oil and jet fuel, as well as 100% of our intermediates. The remainder of our products are sold to a variety of customers on the spot market.

*Tankage Capacity.* The Delaware City refinery has total storage capacity of approximately 10.0 MMbbls. Of the total, 18 tanks with approximately 3.6 million barrels of storage capacity are dedicated to crude oil and other feedstock storage with the remaining approximately 6.4 million barrels allocated to finished products, intermediates and other products.

*Energy and Other Utilities.* The Delaware City refinery has a 280 MW power plant located on-site that consists of two natural gas-fueled turbines with combined capacity of approximately 140 MW and four turbo-generators with combined nameplate capacity of approximately 140 MW. Collectively, this power plant produces electricity in excess of Delaware City's refinery load of approximately 90 MW. Excess electricity is sold into the Pennsylvania-New Jersey-Maryland, or PJM, grid. Steam is primarily produced by a combination of three dedicated boilers and supplemented by secondary boilers at the FCC and coker.

*Contemplated Hydrocracker Project.* In December 2011, we announced that our board of directors conditionally approved the continued development of a construction project consisting of a mild hydrocracker and hydrogen plant which would be built at our Delaware City refinery. We estimate that the construction of the project, if commenced, will take approximately three years from commencement and when completed will process streams from both Delaware City and Paulsboro. The mild hydrocracker is expected to result in the sulfur content being reduced by 99% in approximately 65,000 bpd of distillate production from 2,000 PPM of sulfur to



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less than 15 PPM of sulfur, resulting in an anticipated reduction of over 6,500 tons per year of sulfur dioxide emissions. In addition, the mild hydrocracker will enable the Delaware City refinery to process a heavier crude slate while producing a greater volume of clean transportation fuels with an emphasis on increasing distillate production. Approximately \$300.0 million to \$400.0 million of the \$1.0 billion total estimated project cost is expected to be funded by third parties for the construction of a hydrogen plant. Final funding approval and commencement of the construction of the project is contingent upon the issuance of timely and appropriate federal and state environmental and other permits that will not increase the cost to build or operate the project, as well as acceptable labor agreements that will enable the project to be built in an efficient and cost effective manner. We may not complete the hydrocracker project on these terms or at all, and even if we do complete the project, we may not realize the anticipated benefits described.

## **Paulsboro Refinery**

*Acquisition.* We acquired the entities that owned the Paulsboro refinery (including an associated natural gas pipeline) on December 17, 2010, from affiliates of Valero for approximately \$357.7 million, excluding working capital. The purchase price excludes inventory purchased on our behalf by MSCG and Statoil. We invested approximately \$62.8 million in capital in early 2011 to complete a scheduled turnaround at the refinery. The refinery was commissioned in 1917 and was purchased by Valero from Mobil Oil Corporation in 1998.

*Overview.* Paulsboro has a throughput capacity of 180,000 bpd and a Nelson complexity index of 13.2. The Paulsboro refinery is located on approximately 950 acres on the Delaware River in Paulsboro, New Jersey, just south of Philadelphia and approximately 30 miles away from Delaware City. Paulsboro is one of two operating refineries on the East Coast with coking capacity, the other being Delaware City. Major units at the Paulsboro refinery include crude distillation units, vacuum distillation units, an FCC unit, a delayed coking unit, a lube oil processing unit and a propane deasphalting unit.

The Paulsboro refinery processes a variety of medium and heavy, sour crude oils. The Paulsboro refinery predominantly produces gasoline, heating oil and jet fuel and also manufactures Group I base oils or lubricants. In addition to its finished clean products slate, Paulsboro produces asphalt and petroleum coke.

## **Paulsboro Refinery Process Flow Diagram**

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

<b>Refinery Units</b>	<b>Nameplate Capacity</b>
Crude Distillation Units	168,000
Vacuum Distillation Units	83,000
Fluid Catalytic Cracking Unit (FCC)	55,000
Hydrotreating Units	141,000
Catalytic Reforming Unit (CCR)	32,000
Alkylation Unit (Alky)	11,000
Lube Oil Processing Unit	12,000
Delayed Coking Unit (Coker)	27,000
Propane Deasphalting Unit	11,000

*Feedstocks and Supply Arrangements.* In December 2010, we entered into a crude and feedstock supply agreement with Statoil that expires in September 2012, subject to certain early termination rights and automatic one-year renewals unless otherwise terminated by either party. Pursuant to the agreement, we direct Statoil to purchase crude and other feedstocks for Paulsboro and Statoil purchases these products on the spot market. Accordingly, Statoil enters into, on our behalf, hedging arrangements to protect against changes in prices between the time of purchase and the time of processing the feedstocks. In addition to procurement, Statoil arranges transportation and insurance for the crude and feedstock supply and we pay Statoil a per barrel fee for their procurement and logistics services. Statoil holds title to the crude and feedstocks until we run the crude or feedstocks through our process units. We pay Statoil on a daily basis for the corresponding volume of crude or feedstocks that are consumed in conjunction with the refining process. This crude supply and feedstock arrangement helps us reduce the amount of investment we are required to maintain in crude inventories and, as a result, helps us manage our working capital.

In addition, we have a one-year contract (with annual renewals) with SAOC pursuant to which we purchase a significant volume of crude that is processed at Paulsboro. The crude purchased under the terms of this contract is priced off ASCI. We also from time to time purchase additional spot cargoes of crude from SAOC as they become available.

*Product Offtake.* We sell the bulk of Paulsboro's clean products to MSCG through our offtake agreement which has an initial term expiring in June 2013, subject to certain early termination rights and automatic one-year renewals, unless otherwise terminated by either party. With the exception of certain jet fuel sales, MSCG purchases 100% of our finished clean products and intermediates. In addition to the finished products offtake agreement with MSCG, we sell the remaining products produced at Paulsboro to third parties under various long-term contracts and on the spot market.

*Tankage Capacity.* The Paulsboro refinery has total storage capacity of approximately 7.5 MMbbls. Of the total, approximately 2.1 million barrels are dedicated to crude oil storage with the remaining 5.4 million barrels allocated to finished products, intermediates and other products. Paulsboro has a remote gauging system to monitor tank levels and all storage tanks are diked through either individual or common dikes.

*Energy and Other Utilities.* The Paulsboro refinery is virtually self-sufficient for its electrical power requirements. The refinery supplies approximately 90% of its 63 MW load through a combination of four generators with a nameplate capacity of 78 MW, in addition to a 30 MW gas turbine generator and two 15 MW steam turbine generators located at the Paulsboro utility plant. In the event that Paulsboro requires additional electricity to operate the refinery, supplemental power is available through a local utility. Paulsboro is connected to the grid via three separate 69 KV aerial feeders and has the ability to run entirely on imported power. Steam is primarily produced by three boilers, each with continuous rated capacity of 300,000-lb/hr at 900-psi. In addition, Paulsboro has a heat recovery steam generator and a number of waste heat boilers throughout the refinery that



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supplement the steam generation capacity. Paulsboro's current hydrogen needs are met by the hydrogen supply from the reformer. In addition, the refinery employs a standalone steam methane reformer that is capable of producing 10 MMSCFD of 99% pure hydrogen. This ancillary hydrogen plant is utilized as a back-up source of hydrogen for the refinery's process units.

### **Toledo Refinery**

*Acquisition.* Through our subsidiary, Toledo Refining, we acquired the Toledo refinery on March 1, 2011, from Sunoco for approximately \$400.0 million, excluding working capital. We also purchased refined and certain intermediate products in inventory for approximately \$299.6 million, and MSCG purchased the refinery's crude oil inventory on our behalf. Additionally, included in the terms of the sale is a five-year participation payment of up to \$125.0 million payable to Sunoco based on future earnings of Toledo.

*Overview.* Toledo has a throughput capacity of approximately 170,000 bpd and a Nelson complexity index of 9.2. Toledo processes a slate of light, sweet crudes from Canada, the Midcontinent, the Bakken region and the U.S. Gulf Coast. Toledo produces a high percentage of finished products including gasoline and ULSD, in addition to a variety of high-value petrochemicals including nonene, xylene, tetramer and toluene.

The Toledo refinery is located on a 282-acre site near Toledo, Ohio, 60 miles from Detroit. Major units at the Toledo refinery include an FCC unit, a hydrocracker, an alkylation unit and a UDEX unit. Crude is delivered to the Toledo refinery through three primary pipelines: (1) Enbridge from the north, (2) Capline from the south and (3) Mid-Valley from the south.

### **Toledo Refinery Process Flow Diagram**

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

Refinery Units	Nameplate Capacity
Crude Distillation Unit	170,000
Fluid Catalytic Cracking Unit (FCC)	79,000
Hydrotreating Units	95,000
Hydrocracking Unit (HCC)	45,000
Catalytic Reforming Units	45,000
Alkylation Unit (Alky)	10,000
Polymerization Unit (Poly)	7,000
UDEX Unit (BTX)	16,300

*Feedstocks and Supply Arrangements.* In May 2011, we entered into a crude oil acquisition agreement with MSCG that expires in June 2013, subject to certain early termination rights and automatic one-year renewals unless otherwise terminated by either party. Pursuant to the agreement, we direct MSCG to purchase crude and other feedstocks for Toledo and MSCG purchases these products on the spot market. Accordingly, MSCG enters into, on our behalf, hedging arrangements to protect against changes in prices between the time of purchase and the time of processing the feedstocks. In addition to procurement, MSCG arranges transportation and insurance for the crude and feedstock supply and we pay MSCG a per barrel fee for their procurement and logistics services. We pay MSCG on a daily basis for the corresponding volume of crude or feedstocks two days after they are consumed in conjunction with the refining process. This arrangement helps us reduce the amount of investment we are required to maintain in crude inventories and, as a result, helps us manage our working capital.

*Product Offtake.* Toledo is connected, via pipelines, to an extensive distribution network throughout Ohio, Illinois, Indiana, Kentucky, Michigan, Pennsylvania and West Virginia. The finished products are transported on pipelines owned by Sunoco Logistics Partners L.P. and Buckeye Partners. In addition, we have proprietary connections to a variety of smaller pipelines and spurs that help us optimize our clean products distribution. A significant portion of Toledo's gasoline and ULSD are distributed through the 28 terminals in this network.

In March 2011, we entered into an agreement with Sunoco whereby Sunoco purchases gasoline and distillates products representing approximately one-third of the Toledo refinery's gasoline and diesel production. The agreement has a three year term, subject to certain early termination rights. We sell the bulk of the petrochemicals produced at the Toledo refinery through short-term contracts or on the spot market and the majority of the product distribution is done via rail.

*Tankage Capacity.* The Toledo refinery has total storage capacity of approximately 4.0 MMbbls. The Toledo refinery receives its crude through pipeline connections. Of the total, approximately 0.4 million barrels are dedicated to crude oil storage with the remaining 3.6 million barrels in the pipeline systems.

*Energy and Other Utilities.* The Toledo refinery purchases its electricity from a local utility and has a long-term contract to purchase hydrogen and steam from a local third party supplier. In addition to the third party steam supplier, Toledo consumes a portion of the steam that is generated by its various process units.

**Competition**

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

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

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

## **Employees**

As of December 31, 2011, we had approximately 1,475 employees. At Paulsboro, 287 of our 446 employees are covered by a collective bargaining agreement that expires in March 2015. In addition, 608 of our 936 employees at Delaware City and Toledo are covered by a collective bargaining agreement that is currently anticipated to expire in February of 2015. None of our corporate employees are covered by a collective bargaining agreement. We consider our relations with the represented employees to be satisfactory.

## **Environmental, Health and Safety Matters**

Refinery and pipeline operations are subject to federal, state and local laws regulating the discharge of matter into the environment or otherwise relating to human health and safety or the protection of the environment. These laws regulate among other things, the generation, storage, handling, use and transportation of petroleum and other regulated materials, the emission and discharge of materials into the environment, waste management, remediation of contaminated sites, characteristics and composition of gasoline and diesel and other matters otherwise relating to the protection of the environment. Permits are also required under these laws for the operation of our refineries, pipelines and related operations and these permits are subject to revocation, modification and renewal. Compliance with applicable environmental laws, regulations and permits will continue to have an impact on our operations, results of operations and capital requirements. We believe that our current operations are in substantial compliance with existing environmental laws, regulations and permits.

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

Additionally, as of January 1, 2011 we are required to meet an EPA regulation limiting the average sulfur content in gasoline to 30 PPM. Also as of January 1, 2011, we are required to comply with the EPA's new Control of Hazardous Air Pollutants From Mobile Sources, or MSAT2, regulations on gasoline that impose reductions in the benzene content of our produced gasoline. We purchase benzene credits to meet these requirements. Our planned capital projects will reduce the amount of benzene credits that we need to purchase and we could implement additional benzene reduction projects to completely eliminate our benzene credit purchase requirements if we can justify such a project from a

cost benefit standpoint. In addition, the renewable fuel standards will mandate the blending of prescribed percentages of renewable fuels (e.g., ethanol and biofuels)

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into our produced gasoline and diesel. These new requirements, other requirements of the CAA and other presently existing or future environmental regulations may cause us to make substantial capital expenditures as well as the purchase of credits at significant cost, to enable our refineries to produce products that meet applicable requirements.

Our operations are also subject to the federal Clean Water Act, or the CWA, the federal Safe Drinking Water Act, or the SDWA, and comparable state and local requirements. The CWA, the SDWA and analogous laws prohibit any discharge into surface waters, ground waters, injection wells and publicly-owned treatment works except in strict conformance with permits, such as pre-treatment permits and discharge permits, issued by federal, state and local governmental agencies. Federal waste-water discharge permits and analogous state waste-water discharge permits are valid for a maximum of five years and must be renewed.

We generate wastes that may be subject to the federal Resource Conservation and Recovery Act, or RCRA, and comparable state and local requirements. The EPA and various state agencies have limited the approved methods of disposal for certain hazardous and non-hazardous wastes.

The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, also known as Superfund, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the current or former owner or operator of the disposal site or sites where the release occurred and companies that disposed of or arranged for the disposal of the hazardous substances. Under CERCLA, such persons may be subject to joint and several liability for investigation and the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. As discussed more fully below, certain of our sites are subject to these laws and we may be held liable for investigation and remediation costs or claims for natural resource damages. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment. Analogous state laws impose similar responsibilities and liabilities on responsible parties. In our current normal operations, we have generated waste, some of which falls within the statutory definition of a hazardous substance and some of which may have been disposed of at sites that may require cleanup under Superfund.

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

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

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

In connection with each of our acquisitions, we assumed certain environmental remediation obligations. In the case of Paulsboro, a trust fund established to meet state financial assurance requirements, in the amount of approximately \$12.1 million, the current estimated cost of the remediation obligations assumed based on investigation undertaken to date, was acquired as part of the acquisition. The short term portion of the trust fund and corresponding liability are recorded as restricted cash and accrued expenses, the long term portion is recorded in other assets and

other long-term liabilities. In connection with the acquisition of Delaware City, the

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prior owners remain responsible subject to certain limitations, for certain environmental obligations including ongoing remediation of soil and groundwater contamination at the site. Further, in connection with the Delaware City and Paulsboro acquisitions, we purchased two individual ten-year, \$75.0 million environmental insurance policies to insure against unknown environmental liabilities at each refinery. In connection with the acquisition of Toledo, the seller, subject to certain limitations, initially retains remediation obligations which will transition to us over a 20-year period. However, there can be no assurance that any available indemnity, trust fund or insurance will be sufficient to cover any ultimate environmental liabilities we may incur with respect to our refineries which could be significant.

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

## **Legal Proceedings**

We are not currently a party to any legal proceedings that, if determined adversely against us, individually or in the aggregate, would have a material adverse effect on our financial position, results of operations or cash flows. Our subsidiary, Paulsboro Refining, formerly known as Valero Refining Company New Jersey, is party to certain legal proceedings that arose prior to our acquisition of the entity, for which we are indemnified by Valero.

**Table of Contents****MANAGEMENT**

The following table sets forth certain information regarding our current directors and executive officers. Each director and executive officer will hold office until a successor is elected and qualified or until his earlier death, resignation or removal.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Thomas D. O Malley	70	Executive Chairman of the Board of Directors
Thomas J. Nimbley	60	Chief Executive Officer
Michael D. Gayda	57	President
Donald F. Lucey	59	Executive Vice President, Chief Commercial Officer
Matthew C. Lucey	38	Senior Vice President, Chief Financial Officer
Jeffrey Dill	51	Senior Vice President, General Counsel
Jefferson F. Allen	67	Director
Martin J. Brand	36	Director
Timothy H. Day	41	Director
David I. Foley	44	Director
Dennis Houston	60	Director
Neil A. Wizel	34	Director

*Thomas D. O Malley* has served as Executive Chairman of the Board of Directors of PBF since 2008 and was our Chief Executive Officer from inception until June 2010. Mr. O Malley has more than 30 years experience in the refining industry. He served as Chairman of the Board of Petroplus Holdings A.G., listed on the Swiss Exchange, from May 2006 until February 2011, and was Chief Executive Officer from May 2006 until September 2007. Mr. O Malley was Chairman of the Board and Chief Executive Officer of Premcor, a domestic oil refiner and Fortune 250 company listed on the NYSE, from February 2002 until its sale to Valero in August 2005. Before joining Premcor, Mr. O Malley was Chairman and Chief Executive Officer of Tosco Corporation. This Fortune 100 company, listed on the NYSE, was the largest independent oil refiner and marketer of oil products in the United States, with annualized revenues of approximately \$25.0 billion when it was sold to Philips Petroleum Company in September 2001.

Mr. O Malley's extensive experience in and knowledge of the refining industry, as well as his proven leadership skills and management experience provides the board with valuable leadership, and for these reasons we believe Mr. O Malley is qualified to serve as Chairman of our board of directors.

*Thomas J. Nimbley* has served as our Chief Executive Officer since June 2010 and was our Executive Vice President, Chief Operating Officer from March 2010 through June 2010. Prior thereto, he served as a Principal for Nimbley Consultants LLC from June 2005 to April 2010, where he provided consulting services and assisted on the acquisition of two refineries. He previously served as Senior Vice President and head of Refining for Phillips Petroleum Company and subsequently Senior Vice President and head of Refining for ConocoPhillips domestic refining system (13 locations) following the merger of Phillips and Conoco. Before joining Phillips at the time of its acquisition of Tosco in September 2001, Mr. Nimbley served in various positions with Tosco Corporation and its subsidiaries starting in April 1993.

*Michael D. Gayda* joined us as our Executive Vice President, General Counsel and Secretary in April 2010 and has served as our President since June 2010 and was a director from inception until October 2009. Prior thereto, from May 2006 until January 2010 Mr. Gayda served as

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Executive Vice President, General Counsel and Secretary of Petroplus, for whom Mr. Gayda is currently obligated to perform limited consulting services. Prior to Petroplus, he served as an executive officer of Premcor until its sale to Valero in August 2005 and as General

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Counsel Refining for Phillips 66 Company, a division of Phillips Petroleum Company, following Phillips Petroleum's acquisition of Tosco in September 2001. Mr. Gayda previously served as a Vice President of certain of Tosco's subsidiaries.

*Donald F. Lucey* joined us as our Senior Vice President, Commercial Operations in April 2008 and has served as our Executive Vice President, Chief Commercial Officer since April 2010. From 2005 until April 2008, Mr. Lucey provided consulting services to a variety of energy companies. Prior thereto, Mr. Lucey served as Senior Vice President, Commercial for Premcor from April 2002 until August 2005. Prior to that, Mr. Lucey worked at both Tosco and Phillips Petroleum Company, where he managed Atlantic Basin fuel oil activities. Before joining Tosco, Mr. Lucey worked with Phibro Energy in its fuel oil products and solid fuels departments throughout the United States and abroad.

*Matthew C. Lucey* joined us as our Vice President, Finance in April 2008 and has served as our Senior Vice President, Chief Financial Officer since April 2010. Prior thereto, Mr. Lucey served as a Managing Director of M.E. Zukerman & Co., a New York-based private equity firm specializing in several sectors of the broader energy industry, from 2001 to 2008. While at M.E. Zukerman & Co., Mr. Lucey participated in all aspects of the firm's energy investment activities and served on the Management Committee of Penreco, a manufacturer of specialty petroleum products; Cortez Pipeline Company, a 500 mile CO<sub>2</sub> pipeline; and Venture Coke Company, a merchant petroleum coke calciner. Before joining M.E. Zukerman & Co., Mr. Lucey spent six years in the banking industry.

*Jeffrey Dill* has served as our Senior Vice President, General Counsel and Secretary since May 2010 and from March 2008 until September 2009. Mr. Dill served as Senior Vice President, General Counsel and Secretary for Maxum Petroleum, Inc., a national marketer and logistics company for petroleum products, from September 2009 to May 2010 and as Consulting General Counsel and Secretary for NTR Acquisition Co., a special purpose acquisition company focused on downstream energy opportunities, from April 2007 to February 2008. Previously he served as Vice President, General Counsel and Secretary at Neurogen Corporation, a drug discovery and development company, from March 2006 to December 2007. Mr. Dill has over 15 years experience providing legal support to refining, transportation and marketing organizations in the petroleum industry, including positions at Premcor, ConocoPhillips, Tosco and Unocal.

*Jefferson F. Allen* serves as Chairman of the Audit Committee for PBF. Mr. Allen has over 35 years experience in the oil industry. Before his retirement in 2005, Mr. Allen most recently served as the Chief Executive Officer of Premcor at the time of its sale to Valero in 2005. In addition, from 2002 until 2005 Mr. Allen served on Premcor's Board of Directors and from 2002 until 2004 was Chairman of its Audit Committee. Prior to his service with Premcor, Mr. Allen was the Chief Financial Officer and a director of Tosco Corporation from 1990, and served as its President from 1995, until its merger with Phillips Petroleum Company in September 2001. Before joining Tosco, his previous energy industry experience was in the international exploration and production business for 14 years.

Mr. Allen's industry specific experience as a financial expert and board member of a public company, provides our board with a unique perspective and insight, and for these reason we believe Mr. Allen is a valuable addition to our board of directors.

*Martin J. Brand* is a Managing Director in the Private Equity Group at Blackstone. Mr. Brand joined Blackstone in 2003 in the London office and transferred to the New York office in 2005. Mr. Brand currently serves as a director of Bayview Financial, Travelport Limited, Performance Food Group and Orbitz Worldwide. Before joining Blackstone, Mr. Brand worked as a derivatives trader with the FICC division of Goldman, Sachs & Co. in New York and Tokyo and with McKinsey & Company in London.

Mr. Brand brings extensive financial expertise and broad-based international experience with private equity firms that invest in growing companies to our board. These attributes provide the board with critical insight into what is needed to successfully compete in the global marketplace, and for these reasons we believe Mr. Brand is a valuable addition to our board.



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*Timothy H. Day* serves as Chairman of the Corporate Governance Committee and is a Managing Director at First Reserve. Mr. Day is one of three Managing Directors overseeing the firm's buyout funds. Mr. Day's responsibilities include investment origination, structuring, execution, monitoring and exit strategy, with particular emphasis on the global natural gas chain and related services for the hydrocarbon processing industry as well as midstream and downstream assets. Prior to joining First Reserve in 2000, Mr. Day spent three years with SCF Partners, a private equity investment group specializing in the energy industry and three years with Credit Suisse First Boston and Salomon Brothers. Mr. Day serves as a director of Brand Energy & Infrastructure Services, Crestwood Midstream Partners, Diamond S Management and KA First Reserve.

Mr. Day's affiliation with First Reserve, his extensive financial expertise and his significant experience in the energy industry working with companies controlled by private equity sponsors make him a valuable addition to our board.

*David I. Foley* serves as Chairman of the Compensation Committee and is a Senior Managing Director in the Private Equity Group at Blackstone where he currently leads all of Blackstone's investment activities in the energy and natural resource sector on a global basis. Since joining Blackstone in 1995, Mr. Foley has been responsible for building Blackstone's energy and natural resources practice and has played an integral role in every private equity energy deal that the firm has invested in, including: Premcor, Kosmos Energy, Foundation Coal, Texas Genco, Sithe Global Power, OSUM Oil Sands Company, Meerwind, Moser Baer, Monnet, GeoSouthern and Alta Resources. Before joining Blackstone, Mr. Foley worked with AEA Investors in the firm's private equity business and prior to that served as a consultant for the Monitor Company. Mr. Foley serves as a director of Kosmos Energy, Sithe Global Power, American Petroleum Tankers, OSUM Oil Sands Company, Meerwind, Moser Baer, GeoSouthern and Alta Resources.

Mr. Foley's affiliation with Blackstone, his financial expertise and his vast experience in the energy industry working with companies controlled by private equity sponsors make him a valuable addition to our board.

*Dennis Houston* has approximately 40 years experience in the oil and gas industry, including over 35 years with ExxonMobil and its related companies. At the time of his retirement from ExxonMobil in May 2010, Mr. Houston held the positions of Executive Vice President Refining & Supply Company, Chairman and President of ExxonMobil Sales & Supply LLC and Chairman of Standard Tankers Bahamas Limited. Mr. Houston's experience also includes engineering and management positions in Exxon's refining organization and positions in Lubes and Supply.

Mr. Houston's extensive operational experience in the oil and gas industry, including as a manager of a global refining organization, provides him with valuable insight into the markets in which we operate and provides a unique perspective to our board, and for these reasons we believe that Mr. Houston is qualified to serve on our board.

*Neil A. Wizel* is a Director at First Reserve. Mr. Wizel's responsibilities include investment origination, structuring, execution, monitoring and exit strategy, with particular emphasis on the equipment, manufacturing and services sector as well as the reserves sector and downstream assets. Prior to joining First Reserve in April 2007, Mr. Wizel worked for five years at Greenbriar Equity Group, a transportation focused private equity firm. Prior to Greenbriar, he was a Financial Analyst in the Leveraged Finance/Financial Sponsor Group at Credit Suisse First Boston. Mr. Wizel serves as a director of the Deep Gulf Energy companies and Saxon Energy Services.

Mr. Wizel's affiliation with First Reserve, his financial expertise and his investment experience across the entire energy value chain make him a valuable addition to our board.

Mr. O Malley, by marriage, is the uncle of Mr. M. Lucey and the first cousin of Mr. D. Lucey.

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### **Board of Directors Composition**

Our board of directors currently has seven members, two of whom were nominated by Blackstone, two of whom were nominated by First Reserve, one of whom is our Executive Chairman and two of whom are independent directors nominated by the other five directors. Members of the board of directors will be elected at our annual meeting of stockholders to serve for a term of one year or until their successors have been elected and qualified, subject to prior death, resignation, retirement or removal from office. Each election of directors will be by plurality vote of the stockholders.

### **Corporate Governance Principles and Board Matters**

Upon completion of this offering, we will be a controlled company under the NYSE corporate governance rules for so long as Blackstone, First Reserve and their affiliated investment funds continue to own more than 50% of the combined voting power of our Class A and Class B common stock after the completion of this offering. As a result, we will be eligible for exemptions from provisions of the NYSE corporate governance standards, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, (3) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and (4) the requirement that there be an annual performance evaluation of the corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not be required to have a majority of independent directors nor will our nominating and corporate governance and compensation committees be required to consist entirely of independent directors. In addition, although we will have adopted charters for our audit, nominating and corporate governance and compensation committees and intend to conduct annual performance evaluations for these committees, none of these committees will be required to be composed entirely of independent directors immediately following the completion of this offering. Accordingly, you would not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements. In the event that we are not, or cease to be, a controlled company within the meaning of these rules, we will be required to comply with these provisions within the transition periods specified in the NYSE corporate governance rules.

### **Board Committees**

Our board of directors currently has an audit committee, a compensation committee and a nominating and corporate governance committee.

### **Audit Committee**

Our audit committee consists of Messrs. Allen, Brand and Wizel. Mr. Allen serves as the audit committee chairman and qualifies as independent as defined in Rule 10A-3(b)(1) under the Exchange Act and as an audit committee financial expert as such term is defined in Item 407(d)(5) of Regulation S-K. We will rely on the phase-in rules of the SEC and NYSE with respect to the independence of our audit committee. These rules permit us to have an audit committee that has one member that is independent upon the effectiveness of the registration statement of which this prospectus forms a part, a majority of members that are independent within 90 days thereafter and all members that are independent within one year thereafter.

The purpose of the audit committee is to assist our board of directors in overseeing and monitoring (1) the quality and integrity of our financial statements; (2) our independent registered public accounting firm's qualifications and independence; (3) the performance of our internal audit function; (4) the performance of our independent registered public accounting firm; and (5) our compliance with applicable laws and regulations, our Code of Business Conduct and Ethics, and our related policies and procedures, including our company-wide compliance and ethics program, with the committee to make regular reports to the board of directors regarding these compliance and ethics related responsibilities.

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Our audit committee has adopted a Code of Business Conduct and Ethics for all employees and an additional Officer Code of Ethics for all of our executives and financial officers, copies of which will be available on our website as soon as practicable upon the completion of this offering.

### **Compensation Committee**

Our compensation committee consists of Messrs. Foley, Day and Allen. Mr. Foley serves as the compensation committee chairman. The compensation committee is responsible for assisting our board of directors in discharging its responsibilities relating to (1) setting our compensation program and compensation of our executive officers and directors; (2) monitoring our incentive and equity-based compensation plans; and (3) preparing the compensation committee report required to be included in our proxy statement under the rules and regulations of the SEC.

Our board of directors has adopted a written charter for the compensation committee, copies of which will be available on our website as soon as practicable upon the completion of this offering.

### **Compensation Committee Interlocks and Insider Participation**

We do not anticipate any interlocking relationships between any member of our compensation committee and any of our executive officers that would require disclosure under the applicable rules promulgated under federal securities laws.

### **Nominating and Corporate Governance Committee**

Our nominating and corporate governance committee consists of Messrs. Day, Foley and O Malley. Mr. Day serves as the nominating and corporate governance committee chairman. The nominating and corporate governance committee is responsible for (1) identifying individuals qualified to become new board members, consistent with criteria approved by the board of directors; (2) reviewing the qualifications of incumbent directors to determine whether to recommend them for reelection and selecting, or recommending that the board select, the director nominees for the next annual meeting of stockholders; (3) identifying board members qualified to fill vacancies on any board committee and recommending that the board appoint the identified member or members to the applicable committee; (4) reviewing and recommending to the board of directors corporate governance guidelines; (5) overseeing the evaluation of the board of directors and executive officers; and (6) handling such other matters that are specifically delegated to the committee by the board of directors from time to time.

Our board of directors has adopted a written charter for the nominating and corporate governance committee which will be available on our website as soon as practicable upon completion of this offering.

Our chief executive officer and other executive officers will regularly report to the non-executive directors and the audit, the compensation and the nominating and corporate governance committees to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. The director of internal audit will report functionally and administratively to

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our chief financial officer and directly to the audit committee. We believe that the board's leadership structure provides appropriate risk oversight of our activities.

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

*The following discussion and analysis of compensation arrangements of our named executive officers for the fiscal year ended December 31, 2011 should be read together with the compensation tables and related disclosures about our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs summarized in this discussion.*

***Background and Overview***

This section discusses the principles underlying our executive compensation policies and decisions. It provides qualitative information regarding the manner in which compensation is earned by our executive officers and places in context the data presented in the tables that follow. Our named executive officers for 2011 were Thomas D. O Malley, Executive Chairman of the Board of Directors, Thomas J. Nimbley, Chief Executive Officer, Matthew C. Lucey, Senior Vice President, Chief Financial Officer, Donald F. Lucey, Executive Vice President, Chief Commercial Officer, and Michael D. Gayda, President.

Since our formation, our named executive officers have not received any compensation directly from PBF. All of our named executive officers have employment agreements with PBF Investments LLC, a wholly owned subsidiary of PBF, which currently pays the salaries of, and provides benefits to, these employees.

***Our Compensation Committee***

Prior to this offering, our entire board of directors approved each of the employment agreements with our named executive officers, including incentive compensation arrangements and eligibility for long-term equity compensation. Our board of directors has also approved our equity incentive plans and individual grants of equity to members of the board of directors, our named executive officers and other employees. Following this offering, our compensation policies and objectives will be established by our compensation committee.

In order to ensure that compensation programs are aligned with appropriate performance goals and strategic direction, management works with the compensation committee in the compensation-setting process. Specifically, management will recommend to the compensation committee its opinion of executive performance, recommend business performance targets and objectives, and recommend salary levels and annual and long-term incentive levels. However, in the future, all decisions regarding executive compensation will be made by the compensation committee.

Our compensation committee determines and approves the compensation arrangements for our named executive officers and senior management, the appropriate annual salary, as well as applicable incentive compensation arrangements.

*Compensation Philosophy*

Our compensation arrangements are designed to ensure that our executives are rewarded appropriately for their contributions to our growth and profitability, and that the compensation is demonstrably contingent upon and linked to our sustainable success. This linkage encourages the commonality of interest between our executives and our stockholders.

The following are the principal objectives in the design of our executive compensation arrangements:

our ability to attract, retain and motivate superior management talent critical to our long-term success with compensation that is competitive within the marketplace;

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linking executive compensation to the creation and maintenance of long-term equity value;

the maintenance of a reasonable balance among base salary, annual cash incentive payments and long-term equity-based incentive compensation, and other benefits;

promoting equity ownership by executives to align their interests with the interests of our equity holders; and

ensuring that incentive compensation is linked to the achievement of specific financial and strategic objectives, which are established in advance and approved by the board of directors.

***Compensation Elements and Mix***

We believe that compensation to our executive officers should be aligned closely with our short-term and long-term financial performance goals. As a result, a portion of executive compensation will be at risk and will be tied to the attainment of previously established financial goals. However, we also believe that it is prudent to provide competitive base salaries and benefits to attract and retain superior talent in order to achieve our strategic objectives.

For 2011, the principal elements of our compensation for our named executive officers were:

Base salaries;

Annual cash incentive plan;

Long-term equity-based incentives; and

Benefits and executive perquisites.

***Annual Base Salary***

In general, base salary is used as a principal means of providing cash compensation for performance of a named executive officer's essential duties. Base salaries for our named executive officers are determined on an individual basis and are based on the level of job responsibility in the organization, past experience and market comparisons and are intended to provide our named executive officers with a stable income. The base salaries are designed to compensate the named executive officer for daily duties provided to the Company. Salaries are reviewed from time to time by the board of directors, and all proposed adjustments to the base salaries of our named executive officers are reviewed and approved by the board of directors and in the future will be reviewed and approved by the compensation committee. The base salary for each named executive officer for 2011 is reported in the Summary Compensation Table below.

*Annual Cash Incentive Plan*

Our named executive officers are eligible to participate in our annual cash incentive compensation plan on the same basis as our other members of management. The cash incentive compensation plan and any amounts thereunder to be paid to a named executive officer are determined in the discretion of our compensation committee.

In 2011, the cash incentive plan was designed to align our named executive officers and other members of management's short-term cash compensation opportunities with our 2011 financial goals. Awards under the 2011 cash incentive plan are based on earnings thresholds determined by our compensation committee, based on recommendations provided by our Executive Chairman and Chief Executive Officer. For 2011, the cash incentive plan was established using minimum earnings thresholds with graduated increments and a total dollar limit on the amount available for awards. The earnings thresholds are designed to be realistic and attainable though slightly aggressive, requiring strong performance and execution that in our view provides an incentive firmly aligned with stockholder interests.

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We retain the discretion to amend or discontinue the cash incentive plan and/or any award granted under the plan in the future, subject to the terms of the existing awards and the requirements of applicable law.

### ***Equity Compensation***

Our executive officer compensation has a substantial equity component as we believe superior equity investors' returns are achieved through a culture that focuses on long-term performance by our named executive officers and other key employees. By providing our executives with an equity stake, we are better able to align the interests of our named executive officers and our other equity holders. In addition, because employees are able to profit from stock options only if our stock price increases relative to the stock option's exercise price, we believe stock options provide meaningful incentives to our named executive officers and other employees to achieve increases in the value of our stock over time.

As discussed under *Certain Relationships and Related Transactions* Investments in PBF LLC, since our formation in 2008, our named executive officers, one of our directors and certain other employees were provided the opportunity to purchase PBF LLC Series A Units and warrants to purchase PBF LLC Series A Units, and were granted additional compensatory warrants to purchase PBF LLC Series A Units. In addition, certain of our officers, including our named executive officers, were granted PBF LLC Series B Units, which are profits interests in PBF LLC.

Since March 2011, PBF LLC has maintained the PBF Energy Company LLC 2011 Equity Incentive Plan, pursuant to which options to purchase Series A Units of PBF LLC have been granted to one of our named executive officers and certain of our employees. The options to purchase Series A Units vest in equal annual installments over three years, subject to accelerated vesting upon certain events. The options cannot be exercised more than 10 years after the date of grant. In making equity grants to our named executive officers, we considered a number of factors, including the position the executive has or is taking with us, individual performance of the executive, the present equity ownership levels of the executive, internal pay equity and the level of the executive's total annual compensation package compared to similar positions at other refiners and energy companies. Following this offering PBF LLC does not intend to grant any additional equity awards under its 2011 Equity Incentive Plan. Our board of directors has adopted the PBF Energy Inc. 2012 Equity Incentive Plan, which will be the source of new equity-based awards for us following this offering. See *2012 Equity Incentive Plan*.

We do not have a formal policy requiring stock ownership by our executives. Notwithstanding the absence of a requirement, our executives have invested personal capital in us in connection with the formation of PBF LLC. See *Certain Relationships and Related Transactions* Investments in PBF LLC and *Private Placement of Senior Secured Notes* and the beneficial ownership chart under *Principal Stockholders*.

### ***Other Benefits***

All executive officers, including the named executive officers, are eligible for other benefits including: medical, dental, short-term disability and life insurance. The executives participate in these plans on the same basis, terms and conditions as other administrative employees. In addition, we provide long-term disability insurance coverage on behalf of the named executive officers at an amount equal to 65% of current base salary (up to \$10,000 per month). The named executive officers also participate in our vacation, holiday and sick day program which provides paid leave during the year at various amounts based upon the executive's position and length of service.

### ***Clawback Policies***

If required by applicable law or stock exchange listing requirements, any incentive or equity-based award provided to one of our employees shall be conditioned on repayment or forfeiture in accordance with applicable law, any company policy, and any relevant provisions in the applicable award agreement.

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### ***Pension and Other Retirement Benefits***

*Defined Contribution Plan.* Our defined contribution plan covers all employees, including our named executive officers. Employees are eligible to participate as of the first day of the month following 30 days of service. Participants can make basic contributions up to 50 percent of their annual salary subject to Internal Revenue Service limits. We match participants' contributions at the rate of 200 percent of the first 3 percent of each participant's total basic contribution based on the participant's total annual salary. Employee contributions to the defined contribution plan are fully vested immediately. Our matching contributions to the defined contribution plan vest to the employee's account over time. Participants may receive distributions from the vested portion of their defined contribution plan accounts any time after they cease service with us.

*PBF Energy Pension Plan.* We sponsor a qualified defined benefit plan for all employees, including our named executive officers, with a policy to fund pension liabilities in accordance with the limits imposed by the Employee Retirement Income Security Act of 1974, or ERISA, and Federal income tax laws. Annual contributions are made to an individual employee's pension account based on their length of service with us and base salary, up to certain limits imposed by Federal and state income tax laws. Employees become eligible to participate in the defined benefit plan after their first 30 days of employment and an employee's interest in their plan account vests after three years of employment, with the exception of certain circumstances.

*PBF Energy Restoration Plan.* We sponsor a non-qualified plan for non-union employees, including our named executive officers. Contributions, which are made at our discretion, are made to an individual employee's pension restoration account based on their total cash compensation over a defined period of time. Employees become eligible to participate in the non-qualified plan after their first 30 days of employment and an employee's interest in their plan account vests after one year of employment, with the exception of certain circumstances. An employee's pension restoration account vests immediately and is non-forfeitable upon the attainment of age 65.

### ***Summary of PBF LLC Series B Units***

Certain of our officers currently hold PBF LLC Series B Units, which were initially structured as profits interests. Profits interests have no taxable value at the date of grant, and are designed to be an interest in the profits of PBF LLC after the date of issuance. The holders of PBF LLC Series B Units are entitled to share in distributions and other payments only after the equity owners of PBF LLC achieve certain levels of return on their investment. Following this offering, the holders of PBF LLC Series B Units will continue to have the right to share in any profits of our existing owners (including any profits realized from any exchange and subsequent sale of our Class A common stock by our existing owners). Accordingly, the PBF LLC Series B Units only dilute the interests of the holders of PBF LLC Series A Units (our existing owners), and do not dilute the interests of the holder of PBF LLC Series C Units (PBF Energy) or the direct holders of our Class A common stock. However, our consolidated statements of operations and comprehensive income (loss) reflect non-cash charges for compensation related to the PBF LLC Series B Units.

As of the date of this prospectus, there are 1,000,000 PBF LLC Series B Units issued and outstanding, which are held as follows: Thomas O Malley 350,000 (35%); Thomas Nimbley 160,000 (16%); Matthew Lucey 60,000 (6%); Donald Lucey 160,000 (16%); Michael Gayda 160,000 (16%); and other officers 110,000 (11%). All distributions to the holders of PBF LLC Series B Units will be made pro rata, subject to vesting.

The amended and restated limited liability company agreement of PBF LLC provides that no holder of PBF LLC Series B Units will receive any distributions made by PBF LLC (other than certain tax distributions) until a holder of PBF LLC Series A Units receives the aggregate amount invested for such PBF LLC Series A Units. Following the return to a holder of the aggregate amount invested for such holder's PBF LLC Series A Units, the PBF LLC Series B Units will be entitled to share in all distributions (including prior distributions other than return of amounts

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invested) made to such holder of PBF LLC Series A Units in amounts ranging from 0% up to 10% based on the aggregate amount of distributions made to such holder of PBF LLC Series A Units. If the

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aggregate amounts distributed to such holder of PBF LLC Series A Units is greater than four times the aggregate amount invested for such PBF LLC Series A Units, the holders of PBF LLC Series B Units will be entitled to receive 10% of all distributions (including prior distributions) made to such holder of PBF LLC Series A Units. If any amounts (other than tax distributions) are to be distributed in respect of any unvested PBF LLC Series B Units, such amounts shall be set aside for distribution to such holder at the time that such units vest. If such unvested PBF LLC Series B Units shall be forfeited by or repurchased from a holder without having vested, such amounts shall revert to the holders of PBF LLC Series A Units. All amounts received, directly or indirectly, by the holders of PBF LLC Series A Units and PBF LLC Series B Units (and each of their successors and permitted transferees) in connection with their holding of units, including amounts received upon the sale of shares of Class A common stock following an exchange of units pursuant to the exchange agreement, upon a transfer of units to an unrelated third party, upon any tax distributions or otherwise as a result of such holder's ownership of PBF LLC Series A Units or PBF LLC Series B Units, as applicable, are treated as being distributed, and treated as a distribution, for purposes of the amounts payable to the holders of PBF LLC Class B Units. Payments made to any of the holders of PBF LLC Series A Units pursuant to the tax receivable agreement shall be taken into account for purposes of satisfying the applicable sharing thresholds of the holders of PBF LLC Series B Units under the amended and restated limited liability company agreement of PBF LLC. All distributions under the amended and restated limited liability company agreement are treated as being distributed in a single distribution. Accordingly, if multiple distributions are made, the holders of PBF LLC Series B Units shall be entitled to share in the distributions at the highest then applicable sharing percentage, and if such holders have received prior distributions at a lower sharing percentage, such holders shall be entitled to a priority catch-up distribution at the applicable higher sharing percentage before any further amounts are distributed to the holders of PBF LLC Series A Units. Any amounts received as tax distributions made by PBF LLC shall be treated as an advance on and shall reduce further distributions to which such holder otherwise would be entitled to under the agreement.

One quarter of the PBF LLC Series B Units vested at the time of grant in June 2010 and the remaining three-quarters vest in equal annual installments on the first, second and third anniversary of grant, subject to accelerated vesting upon certain events described below. Any unvested PBF LLC Series B Units of a holder automatically vest upon a change of control or upon such holder's death or disability, and all vested and unvested PBF LLC Series B Units of a holder are automatically forfeited upon such holder's termination for cause. In addition, if a holder's employment is terminated by us without cause or by the holder for good reason, PBF Energy, in consultation with the Executive Chairman, may accelerate the vesting of all or a portion of such holder's unvested PBF LLC Series B Units. See Potential Payments Upon Termination Occurring on December 31, 2011, Including in Connection With a Change In Control for further information.

If the employment of a holder of PBF LLC Series B Units is terminated by us for any reason other than due to death, disability or retirement, the holders of PBF LLC Series A Units will have the right to purchase for cash all or part of the holder's PBF LLC Series B Units for the fair market value of such units as of the purchase date. In addition, upon the death or disability of a holder of PBF LLC Series B Units, the holder (or his representatives) will have the right to sell to the holders of PBF LLC Series A Units, and the holders of PBF LLC Series A Units will be required to purchase (pro rata), all of the holder's PBF LLC Series B Units for the fair market value of such units as of the purchase date, with the purchase price payable, at the election of the purchaser, in cash or by delivery of PBF LLC Series A Units held by the purchaser.

Our board of directors will adopt the PBF Energy Inc. 2012 Equity Incentive Plan, which will be the source of new equity-based awards for us following this initial public offering. See 2012 Equity Incentive Plan.

***2012 Equity Incentive Plan***

We intend to adopt and seek shareholder approval of the PBF Energy Inc. 2012 Equity Incentive Plan, or the 2012 Equity Incentive Plan, prior to this offering. The following description of the 2012 Equity Incentive Plan is a summary of the material features of the plan, and this summary is not complete and is qualified by reference to the 2012 Equity Incentive Plan. The 2012 Equity Incentive Plan will be the source of new equity-based awards



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permitting us to grant to our key employees, directors and consultants incentive stock options (within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, or the Code), non-qualified stock options, stock appreciation rights, restricted stock, other awards valued in whole or in part by reference to shares of our Class A common stock and performance based awards denominated in shares or cash.

*Administration.* The compensation committee of our board of directors will administer the 2012 Equity Incentive Plan. The compensation committee may delegate its authority under the 2012 Equity Incentive Plan in whole or in part as it determines, including to a subcommittee consisting solely of at least two non-employee directors within the meaning of Rule 16b-3 of the Exchange Act, independent directors within the meaning of the NYSE listed company rules and, to the extent Section 162(m) of the Code is applicable to us and the 2012 Equity Incentive Plan, outside directors within the meaning thereof. The compensation committee will determine who will receive awards under the 2012 Equity Incentive Plan, as well as the form of the awards, the number of shares underlying the awards, and the terms and conditions of the awards consistent with the terms of the 2012 Equity Incentive Plan. The compensation committee will have full authority to interpret and administer the 2012 Equity Incentive Plan, which determinations will be final and binding on all parties concerned.

*Shares Subject to the 2012 Equity Incentive Plan.* The total number of shares of our Class A common stock which may be issued under the 2012 Equity Incentive Plan is . We will make available the number of shares of our Class A common stock necessary to satisfy the maximum number of shares that may be issued under the 2012 Equity Incentive Plan. The shares of our Class A common stock underlying any award granted under the 2012 Equity Incentive Plan that expires, terminates or is cancelled or satisfied for any reason without the payment of consideration, withheld or tendered to satisfy tax withholding obligations, the aggregate exercise price on the exercise of stock options or the purchase price for any other award granted under the 2012 Equity Incentive Plan, or repurchased by us, in each case, will again become available for awards under the 2012 Equity Incentive Plan. No award may be granted under the 2012 Equity Incentive Plan after the tenth anniversary of the effective date of the plan, but awards granted prior to such date may extend beyond such tenth anniversary.

*Stock Options and Stock Appreciation Rights.* The compensation committee may award non-qualified or incentive stock options under the 2012 Equity Incentive Plan. Stock options granted under the 2012 Equity Incentive Plan will become vested and exercisable at such times and upon such terms and conditions as may be determined by the compensation committee at the time of grant, but an option will generally not be exercisable for a period of more than ten years after it is granted.

Except with respect to substitute awards, the exercise price per share for any stock option awarded will not be less than the fair market value of a share of our Class A common stock on the day the stock option is granted. Except as otherwise provided in an award agreement, the purchase price for the shares as to which an option is exercised shall be paid in full at the time of exercise at the election of the grantee in cash or its equivalent (e.g., by check), under certain circumstances by transferring shares of Class A common stock, through cashless exercise, net exercise, or such other method as the compensation committee may determine.

The compensation committee may grant stock appreciation rights independent of or in conjunction with a stock option. The exercise price of a stock appreciation right will not be less than the fair market value of a share of our Class A common stock on the date the stock appreciation right is granted; except that, in the case of a stock appreciation right granted in conjunction with a stock option, the exercise price will not be less than the exercise price of the related stock option. Each stock appreciation right granted independent of a stock option shall entitle a participant upon exercise to an amount equal to (i) the excess of (A) the fair market value on the exercise date of one share of our Class A common stock over (B) the exercise price per share of our Class A common stock, multiplied by (ii) the number of shares of our Class A common stock covered by the stock appreciation right, and each stock appreciation right granted in conjunction with a stock option will entitle a participant to surrender to us the stock option and to receive such amount. Payment will be made in shares of our Class A common stock and/or cash, as determined by the compensation committee.

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*Other Stock-Based Awards.* The compensation committee, in its sole discretion, may grant or sell shares of our Class A common stock, restricted stock, restricted stock units and awards that are valued in whole or in part by reference to, or are otherwise based on the fair market value of, shares of our Class A common stock. Any of these other stock-based awards may be in such form, and dependent on such conditions, as the compensation committee determines, including, without limitation, the right to receive, or vest with respect to, one or more shares of our Class A common stock (or the equivalent cash value of such shares of our Class A common stock) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. The compensation committee may in its discretion determine whether other stock-based awards will be payable in cash, shares of our Class A common stock, or a combination of both cash and shares.

*Performance Based Awards.* The compensation committee, in its sole discretion, may grant certain awards that are denominated in shares or cash, that are designed to be deductible by us under Section 162(m) of the Code. Such awards, performance-based awards, will be subject to the terms and conditions established by the compensation committee and will be based upon one or more objective performance criteria as determined by the compensation committee in its sole discretion. The foregoing criteria may relate to us, one or more of our subsidiaries or one or more of our divisions or units, or any combination of the foregoing, and may be applied on an absolute basis and/or be relative to one or more peer group companies or indices, or any combination thereof, as the compensation committee shall determine. The compensation committee will determine whether, with respect to a performance period, the applicable performance goals have been met with respect to a given participant and, if they have, during any period when Section 162(m) of the Code is applicable to us, will so certify and ascertain the amount of the applicable performance-based award. During any period when Section 162(m) of the Code is applicable to us, no performance-based awards will be paid to any participant for a given period of service until the compensation committee certifies that the objective performance goals (and any other material terms) applicable to such period have been satisfied. The amount of the performance-based award actually paid to a given participant may be less than the amount determined by the applicable performance goal formula, at the discretion of the compensation committee. The amount of the performance-based award determined by the compensation committee for a performance period will be paid to the participant at such time as determined by the compensation committee in its sole discretion after the end of such performance period; provided, however, that a participant may, if and to the extent permitted by the compensation committee and consistent with the provisions of Section 409A of the Code, elect to defer payment of a performance-based award. The maximum amount of performance-based awards that may be granted during a fiscal year to any participant will be (i) with respect to performance-based awards that are denominated in shares, shares, and (ii) with respect to performance-based awards that are denominated in cash, \$ million.

*Adjustments upon Certain Events.* In the event of any change in the outstanding shares of our Class A common stock by reason of any share dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination, combination or transaction or exchange of shares of our Class A common stock or other corporate exchange, or any distribution to shareholders other than regular cash dividends, or any transaction similar to the foregoing, the compensation committee in its sole discretion and without liability to any person shall make such substitution or adjustment, if any, as it deems to be equitable, as to (1) the number or kind of shares or other securities issued or reserved for issuance pursuant to the 2012 Equity Incentive Plan or pursuant to outstanding awards, (2) the maximum number of shares for which stock options or stock appreciation rights may be granted during a fiscal year to any participant, (3) the maximum amount of a performance-based award that may be granted during a calendar year to any participant, (4) the option price or exercise price of any option or stock appreciation right and/or (5) any other affected terms of such awards.

*Change in Control.* In the event of a change in control of us (as defined in the 2012 Equity Incentive Plan), the 2012 Equity Incentive Plan provides that (1) if determined by the compensation committee in the applicable award agreement or otherwise, any outstanding awards then held by participants which are unexercisable or otherwise unvested or subject to lapse restrictions will automatically be deemed exercisable or otherwise vested or no longer subject to lapse restrictions, as the case may be, as of immediately prior to such change in control and (2) the compensation committee shall take one or more of the following actions: (a) cancel the awards for

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fair value (as determined by the compensation committee), (b) provide for the issuance of substitute awards that will substantially preserve the otherwise applicable terms of any affected awards previously granted under the 2012 Equity Incentive Plan, including without limitation, any applicable vesting conditions, or (c) provide that, with respect to any awards that are stock options or stock appreciation rights, the awards will be exercisable for a period of at least 15 days prior to the change in control.

*Forfeiture and Clawback.* The compensation committee may, in its sole discretion, specify in an award that the participant's rights, payments, and benefits with respect to such award will be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions contained in such award. Such events may include, but are not limited to, termination of employment for cause, termination of the participant's provision of services to us, breach of noncompetition, confidentiality, or other restrictive covenants that may apply to the participant, or restatement of our financial statements to reflect adverse results from those previously released financial statements as a consequence of errors, omissions, fraud, or misconduct.

*Transferability.* Unless otherwise determined by our compensation committee, no award granted under the 2012 Equity Incentive Plan will be transferable or assignable by a participant in the plan, other than by will or by the laws of descent and distribution.

*Amendment and Termination.* Our board of directors may amend or terminate the 2012 Equity Incentive Plan, but no amendment or termination will be made, (1) without the approval of our shareholders, to the extent such approval is required by or desirable to satisfy the requirements of any applicable law, regulation or other rule, including listing standards of the securities exchange that is the principal market for the shares of our Class A common stock or change the maximum number of shares for which awards may be granted to any participant or (2) without the consent of a participant, if such action would materially adversely affect any of the rights of the participant under any award theretofore granted to such participant under the 2012 Equity Incentive Plan; provided, however, that the compensation committee may amend the 2012 Equity Incentive Plan and/or any outstanding awards in such manner as it deems necessary to permit the 2012 Equity Incentive Plan and/or any outstanding awards to satisfy applicable requirements of the Code or other applicable laws.

## ***Impact of Tax and Accounting Principles***

The forms of our executive compensation are largely dictated by our capital structure and have not been designed to achieve any particular accounting treatment. We do take tax considerations into account, both to avoid tax disadvantages and to obtain tax advantages, where reasonably possible consistent with our compensation goals (tax advantages for our executives benefit us by reducing the overall compensation we must pay to provide the same after-tax income to our executives), including the application of Sections 280G and 409A of the Code.

Section 162(m) of the Code (as interpreted by IRS Notice 2007-49) imposes a \$1,000,000 cap on federal income tax deductions for compensation paid to our chief executive officer and to the three other most highly-paid executive officers (other than the principal financial officer) or such other persons which may be deemed covered persons under Section 162(m) during any fiscal year unless the compensation is performance-based under Section 162(m). Under a special Section 162(m) provision for newly public companies, compensation paid pursuant to a compensation plan or arrangement in existence before the effective date of this initial public offering, provided the arrangement is adequately described in this prospectus, will not be subject to the \$1,000,000 limitation during a reliance period that ends on the earliest of: (1) the expiration of the compensation plan, (2) a material modification of the compensation plan (as determined under Section 162(m)), (3) the issuance of all the employer stock and other compensation allocated under the compensation plan, or (4) the first meeting of stockholders at which directors are elected after the close of the third calendar year following the year in which the public offering occurs. With respect to stock-based compensation, this provision applies to stock options, stock appreciation rights and the substantial vesting of restricted property granted before the end of the reliance period, even if not paid until after the end of the reliance period. While the compensation committee has



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not adopted a formal policy regarding tax deductibility of compensation paid to our named executive officers, following this initial public offering the compensation committee intends to consider the tax treatment of compensation pursuant to Section 162(m) and other applicable rules in determining the amounts of compensation for our named executive officers. However, to retain highly skilled executives and remain competitive with other employers, the compensation committee retains the right to authorize compensation on a purely discretionary basis, including compensation that would not be deductible under Section 162(m) or otherwise.

### ***Employment Agreements***

We believe that employment agreements with our executives are necessary to attract and retain key talent. They provide a minimum level of stability to our executives in the event of certain terminations and/or the occurrence of a change in control of our business, freeing the executive to focus on our business rather than personal financial concerns.

#### *Thomas D. O Malley*

On April 1, 2010, we entered into an employment agreement with Thomas D. O Malley, pursuant to which Mr. O Malley serves as our Executive Chairman of the Board of Directors. The employment term is one year with automatic one year extensions thereafter, unless either we or Mr. O Malley provide 30 days prior notice of an election not to renew the agreement.

Under the agreement, Mr. O Malley is entitled to receive an annual base salary of \$1,500,000. Mr. O Malley is entitled to increases in his annual base salary at the sole discretion of our board. Mr. O Malley is also eligible to participate in the 2011 cash incentive plan and earn an annual bonus award. Mr. O Malley also participates in our incentive programs and is also entitled to grants of equity based compensation, as discussed above. Mr. O Malley is also entitled to participate in our employee benefit plans in which our employees are eligible to participate, other than any severance plan generally offered to all of our employees, on the same basis as those benefits are generally made available to other senior executives, and is entitled to be indemnified for certain tax liabilities and expenses arising under Section 409A of the Code in connection with his equity grants at PBF LLC. Mr. O Malley is also entitled to reimbursement for business travel using his personal aircraft. See Certain Relationships and Related Transactions Private Aircraft.

The termination provisions in Mr. O Malley's employment agreement are discussed under Potential Payments Upon Termination Occurring on December 31, 2011, Including in Connection With a Change In Control below.

Mr. O Malley is also subject to a covenant not to disclose our confidential information during his employment term and at all times thereafter and covenants not to compete with us and not to solicit our employees during his employment term and for six months following termination of his employment for any reason, subject to certain exceptions.

#### *Thomas J. Nimbley*

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On April 1, 2010, we entered into an employment agreement with Thomas J. Nimbley, pursuant to which Mr. Nimbley serves as our Chief Executive Officer. The employment term is one year with automatic one year extensions thereafter, unless either we or Mr. Nimbley provide 30 days prior notice of an election not to renew the agreement.

Under the agreement, Mr. Nimbley is entitled to receive an annual base salary of \$700,000. Mr. Nimbley is entitled to increases in his annual base salary at the sole discretion of our board. Mr. Nimbley is also eligible to participate in the 2011 cash incentive plan. Mr. Nimbley also participates in our incentive programs and is also entitled to grants of equity based compensation, as discussed above. Mr. Nimbley is also entitled to participate in

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our employee benefit plans in which our employees are eligible to participate, other than any severance plan generally offered to all of our employees, on the same basis as those benefits are generally made available to other senior executives, and is entitled to be indemnified for certain tax liabilities and expenses arising under Section 409A of the Code in connection with his equity grants at PBF LLC.

The termination provisions in Mr. Nimbley's employment agreement are discussed under [Potential Payments Upon Termination Occurring on December 31, 2011, Including in Connection With a Change In Control](#) below.

Mr. Nimbley is also subject to a covenant not to disclose our confidential information during his employment term and at all times thereafter and covenants not to compete with us and not to solicit our employees during his employment term and for six months following termination of his employment for any reason, subject to certain exceptions.

*Matthew C. Lucey*

On April 1, 2010, we entered into an employment agreement with Matthew C. Lucey, pursuant to which Mr. Lucey serves as our Senior Vice President, Chief Financial Officer. The employment term is one year with automatic one year extensions thereafter, unless either we or Mr. Lucey provide 30 days' prior notice of an election not to renew the agreement.

Under the agreement, Mr. Lucey is entitled to receive an annual base salary of \$425,000. Mr. Lucey is entitled to increases in his annual base salary at the sole discretion of our board. Mr. Lucey is also eligible to participate in the 2011 cash incentive plan. Mr. Lucey also participates in our incentive programs and is also entitled to grants of equity based compensation, as discussed above. Mr. Lucey is also entitled to participate in our employee benefit plans in which our employees are eligible to participate, other than any severance plan generally offered to all of our employees, on the same basis as those benefits are generally made available to other senior executives, and is entitled to be indemnified for certain tax liabilities and expenses arising under Section 409A of the Code in connection with his equity grants at PBF LLC.

The termination provisions in Mr. Lucey's employment agreement are discussed under [Potential Payments Upon Termination Occurring on December 31, 2011, Including in Connection With a Change In Control](#) below.

Mr. Lucey is also subject to a covenant not to disclose our confidential information during his employment term and at all times thereafter and covenants not to compete with us and not to solicit our employees during his employment term and for six months following termination of his employment for any reason, subject to certain exceptions.

*Donald F. Lucey*

On April 1, 2010, we entered into an employment agreement with Donald F. Lucey, pursuant to which Mr. Lucey serves as our Executive Vice President, Chief Commercial Officer. The employment term is one year with automatic one year extensions thereafter, unless either we or Mr. Lucey provide 30 days' prior notice of an election not to renew the agreement.

Under the agreement, Mr. Lucey is entitled to receive an annual base salary of \$600,000. Mr. Lucey is entitled to increases in his annual base salary at the sole discretion of our board. Mr. Lucey is also eligible to participate in the 2011 cash incentive plan. Mr. Lucey also participates in our incentive programs and is also entitled to grants of equity based compensation, as discussed above. Mr. Lucey is also entitled to participate in our employee benefit plans in which our employees are eligible to participate, other than any severance plan

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generally offered to all of our employees, on the same basis as those benefits are generally made available to other senior executives, and is entitled to be indemnified for certain tax liabilities and expenses arising under Section 409A of the Code in connection with his equity grants at PBF LLC.

The termination provisions in Mr. Lucey's employment agreement are discussed under Potential Payments Upon Termination Occurring on December 31, 2011, Including in Connection With a Change In Control below.

Mr. Lucey is also subject to a covenant not to disclose our confidential information during his employment term and at all times thereafter and covenants not to compete with us and not to solicit our employees during his employment term and for six months following termination of his employment for any reason, subject to certain exceptions.

*Michael D. Gayda*

On April 1, 2010, we entered into an employment agreement with Michael D. Gayda, pursuant to which Mr. Gayda, commencing on June 2, 2010, serves as our President. The employment term is one year with automatic one year extensions thereafter, unless either we or Mr. Gayda provide 30 days' prior notice of an election not to renew the agreement.

Under the agreement, Mr. Gayda is entitled to receive an annual base salary of \$650,000. Mr. Gayda is entitled to increases in his annual base salary at the sole discretion of our board. Mr. Gayda is also eligible to participate in the 2011 cash incentive plan. Mr. Gayda also participates in our incentive programs and is also entitled to grants of equity based compensation, as discussed above. Mr. Gayda is also entitled to participate in our employee benefit plans in which our employees are eligible to participate, other than any severance plan generally offered to all of our employees, on the same basis as those benefits are generally made available to other senior executives, and is entitled to be indemnified for certain tax liabilities and expenses arising under Section 409A of the Code in connection with his equity grants at PBF LLC.

The termination provisions in Mr. Gayda's employment agreement are discussed under Potential Payments Upon Termination Occurring on December 31, 2011, Including in Connection With a Change In Control below.

Mr. Gayda is also subject to a covenant not to disclose our confidential information during his employment term and at all times thereafter and covenants not to compete with us and not to solicit our employees during his employment term and for six months following termination of his employment for any reason, subject to certain exceptions.

**Table of Contents****2011 Summary Compensation Table**

This Summary Compensation Table summarizes the total compensation paid or earned by each of our named executive officers for the fiscal year ended December 31, 2011.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	Options Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value And Nonqualified Deferred Compensation Earnings (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
Thomas D. O Malley Executive Chairman of the Board of Directors	2011	1,500,000	[ ]		543,000	[ ]	220,711	10,950	[ ]
Thomas J. Nimbley Chief Executive Officer (PEO)	2011	700,000	[ ]	51,100	108,600	[ ]	77,504	14,700	[ ]
Matthew C. Lucey Senior Vice President, Chief Financial Officer (PFO)	2011	425,000	[ ]	51,100	59,150	[ ]	46,717	14,700	[ ]
Donald F. Lucey Executive Vice President, Chief Commercial Officer	2011	600,000	[ ]	51,100	36,200	[ ]	80,314	14,700	[ ]
Michael D. Gayda President	2011	650,000	[ ]	51,100	36,200	[ ]	77,186	14,700	[ ]

- (1) The amounts set forth in this column represent the grant date fair value of PBF LLC Series B Units allocated in 2011 as calculated pursuant to FASB ASC Topic 718. The amounts have been determined based on the assumptions set forth in Note 12 to the PBF LLC Consolidated financial statements for the year ended December 31, 2011.
- (2) The amounts set forth in this column represent the grant date fair value of options for the purchase of PBF LLC Series A Units granted to Mr. M. Lucey and compensatory warrants for the purchase of PBF LLC Series A Units granted to the named executive officers in connection with their purchase of PBF LLC Series A Units. The grant date fair value was calculated pursuant to FASB ASC Topic 718 based on the assumptions set forth in Note 12 to the PBF LLC Consolidated financial statements for the year ended December 31, 2011.
- (3) The amounts set forth in this column represent the aggregate change during the year in the actuarial present value of accumulated benefits under the PBF Energy Pension Plan and the PBF Energy Restoration Plan.
- (4) The amounts set forth in this column consist of company matching contributions to our 401(k) Plan.

**Table of Contents****Grants of Plan-Based Awards in 2011**

The following table provides information regarding the grants of plan-based awards to each of our named executive officers for the fiscal year ended December 31, 2011.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(1)</sup>	All Other Option Awards: Number of Securities Underlying Options (#) <sup>(2)</sup>	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards(\$) <sup>(3)</sup>
Thomas D. O Malley	January 31, 2011		300,000	10.00	543,000
Thomas J. Nimbley	March 1, 2011		60,000	10.00	108,600
	May 19, 2011	10,000			51,100
Matthew C. Lucey	March 1, 2011		2,679	10.00	4,850
	March 4, 2011		30,000	10.00	54,300
	May 19, 2011	10,000			51,100
Donald F. Lucey	March 1, 2011		20,000	10.00	36,200
	May 19, 2011	10,000			51,100
Michael D. Gayda	March 1, 2011		20,000	10.00	36,200
	May 19, 2011	10,000			51,100

- (1) As described in Footnote 1 to the Summary Compensation Table, amounts in this column represent the number of PBF LLC Series B Units allocated to the named executive officers in 2011.
- (2) As described in Footnote 2 to the Summary Compensation Table, amounts in this column represent compensatory warrants and options to purchase PBF LLC Series A Units.
- (3) The amounts set forth in this column represent the total grant date fair value of (a) compensatory warrants and options to purchase PBF LLC Series A Units and (b) the PBF LLC Series B Units for each of the named executive officers, calculated in accordance with FASB ASC Topic 718.

**Narrative Disclosure to 2011 Summary Compensation Table and Grants of Plan-Based Awards in 2011 Table*****PBF LLC Series A Compensatory Warrants and Options***

In conjunction with the purchase of PBF LLC Series A Units and warrants to purchase PBF LLC Series A Units by our named executive officers and certain other employees, each purchaser of PBF LLC Series A Units and warrants received a grant of compensatory warrants to purchase PBF LLC Series A Units. The Series A Compensatory Warrants were fully vested at the time of grant and expire after ten years. 25% of the Series A Compensatory Warrants became exercisable at the grant date and the remaining 75% are exercisable over equal annual installments on each of the first three anniversaries of the grant date, subject to acceleration upon the closing of this initial public offering or under certain other circumstances. In 2011, compensatory options to purchase PBF LLC Series A Units were also granted to Mr. M. Lucey and certain other employees. The Series A compensatory options vest and become exercisable over equal annual installments on each of the first three anniversaries of the grant date. As of December 31, 2011, compensatory warrants and options to purchase 1,835,579 PBF LLC Series A Units were outstanding.

*PBF LLC Series B Units*

In 2011, our named executive officers and certain other officers were allocated equity incentive awards by PBF LLC in the form of PBF LLC Series B Units, which are profits interests in PBF LLC. One-quarter of the PBF LLC Series B Units vested at the time of grant in June 2010 and the remaining three-quarters vest in equal annual installments on the first, second and third anniversary of grant, subject to accelerated vesting upon certain events. As of December 31, 2011, there were 1,000,000 Series B Units allocated (of which 500,000 units were vested). Any unvested PBF LLC Series B Units of a holder automatically vest upon a change of control or upon such holder's death or disability, and all vested and unvested PBF LLC Series B Units of a holder are automatically forfeited upon such holder's termination for cause. In addition, if a holder's employment is terminated by us without cause or by the holder for good reason, PBF Energy, in consultation with the Executive Chairman, may accelerate the vesting of all or a portion of such holder's unvested PBF LLC Series B Units.

**Table of Contents****Outstanding Equity Awards At 2011 Fiscal Year-End**

The following table provides information regarding outstanding equity awards of PBF LLC interests made to our named executive officers as of December 31, 2011.

Name	Option Awards <sup>(1)</sup>				Stock Awards <sup>(2)</sup>	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(3)</sup>
Thomas D. O Malley	86,010	86,010(4)	10.00	6/1/2020	175,000	[ ]
	15,000	15,000(4)	10.00	10/15/2020		
	123,000	123,000(4)	10.00	12/17/2020		
	75,000	225,000(4)	10.00	1/31/2021		
Thomas J. Nimbley	22,500	22,500(4)	10.00	6/1/2020	80,000	[ ]
	22,500	22,500(4)	10.00	12/17/2020		
	15,000	45,000(4)	10.00	3/1/2021		
Matthew C. Lucey	1,950	1,950(4)	10.00	6/1/2020	30,000	[ ]
	900	900(4)	10.00	12/17/2020		
	670	2,009(4)	10.00	3/1/2021		
		30,000	10.00	3/4/2021		
Donald F. Lucey	7,500	7,500(4)	10.00	6/1/2020	80,000	[ ]
	7,500	7,500(4)	10.00	12/17/2020		
	5,000	15,000(4)	10.00	3/1/2021		
Michael D. Gayda	7,500	7,500(4)	10.00	6/1/2020	80,000	[ ]
	7,500	7,500(4)	10.00	12/17/2020		
	5,000	15,000(4)	10.00	3/1/2021		

- (1) The awards described in this table represent compensatory warrants and options to purchase PBF LLC Series A Units, as described in the narrative above.
- (2) The awards described in this table represent PBF LLC Series B Units, as described in the narrative above.
- (3) The market or payout value of the unvested awards of PBF LLC Series B Units is based on an assumed initial public offering price of \$ per share of Class A common stock (the mid-point of the estimated price range set forth on the cover page of this prospectus). The PBF LLC Series B Units represent profits interests in PBF LLC. The PBF LLC Series B Units only dilute the interests of the holders of PBF LLC Series A Units, and do not dilute the interests of the holder of PBF LLC Series C Units or the direct holders of our Class A common stock. However, our statement of operations and comprehensive income (loss) reflects non-cash charges for compensation related to the profits interests.
- (4) The compensatory warrants to purchase PBF LLC Series A Units become fully exercisable upon the closing of this initial public offering.

**Table of Contents****Option Exercises and Stock Vested in 2011**

The following table provides information regarding the amounts received by our named executive officers upon exercise of options or similar instruments or the vesting of stock or similar instruments during the fiscal year ended December 31, 2011. All of the awards described in this table were for equity interests in PBF LLC.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
Thomas D. O Malley			87,500	[ ]
Thomas J. Nimbley			42,500	[ ]
Matthew C. Lucey			17,500	[ ]
Donald F. Lucey			42,500	[ ]
Michael D. Gayda			42,500	[ ]

- (1) The market or payout value of the unvested awards of PBF LLC Series B Units is based on an assumed initial public offering price of \$ per share of Class A common stock (the mid-point of the estimated price range set forth on the cover page of this prospectus). The PBF LLC Series B Units represent profits interests in PBF LLC. The PBF LLC Series B Units only dilute the interests of the holders of PBF LLC Series A Units, and do not dilute the interests of the holder of PBF LLC Series C Units or the direct holders of our Class A common stock. However, our statement of operations and comprehensive income (loss) reflects non-cash charges for compensation related to the profits interests.

**Pension Benefits**

The following table provides information regarding our named executive officers participation in our pension plans as of and for the fiscal year ended December 31, 2011.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Thomas D. O Malley	PBF Energy Pension Plan	3	107,136	
	PBF Energy Restoration Plan	3	709,743	
Thomas J. Nimbley	PBF Energy Pension Plan	1	47,940	
	PBF Energy Restoration Plan	1	67,875	
Matthew C. Lucey	PBF Energy Pension Plan	3	79,105	
	PBF Energy Restoration Plan	3	37,515	
Donald F. Lucey	PBF Energy Pension Plan	3	103,398	

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	PBF Energy Restoration Plan	3	101,767
Michael D. Gayda	PBF Energy Pension Plan	1	49,550
	PBF Energy Restoration Plan	1	65,183

The PBF Energy Pension Plan (the Pension Plan ) is a funded, tax-qualified, non-contributory defined benefit plan covering all employees. The PBF Energy Restoration Plan (the Restoration Plan ) is a non-qualified defined benefit plan designed to supplement the pension benefits for highly compensated employees. The Pension Plan and the Restoration Plan (collectively referred to as the Plans ) are structured as cash balance plans wherein each participant's account is credited monthly with an interest credit and annually with a pay credit. Changes in the value of the Plans' investments do not directly impact the benefit amounts promised to each participant under the Plans.

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At the end of each plan year, the Pension Plan provides for an annual pay credit equal to between 7% and 11% of pensionable earnings below the Social Security Wage Base and a pay credit of 14% on pensionable earnings above the Social Security Wage Base but below the Internal Revenue Service benefit plan compensation limit. The Restoration Plan provides for an annual pay credit equal to 14% on pensionable earnings in excess of Internal Revenue Service benefit plan compensation limits. In addition, on a monthly basis, the Plans provide for an interest credit utilizing the prior year's October 30-year Treasury Constant Maturity rate. For 2011, the interest crediting rate was 3.45%. Normal retirement age under the Plans is attained at age 65.

**Potential Payments Upon Termination Occurring on December 31, 2011, Including in Connection With a Change In Control**

The table below provides our best estimate of the amounts that would be payable (including the value of certain benefits) to each of our named executive officers had a termination hypothetically occurred on December 31, 2011 under various scenarios, including a termination of employment associated with a Change In Control. The table does not include payments or benefits under arrangements available on the same basis generally to all other eligible employees of PBF. The potential payments were determined under the terms of each named executive officer's employment agreement in effect on December 31, 2011 and in accordance with our plans and arrangements in effect on December 31, 2011. We also retain the discretion to provide additional payments or benefits to any of our named executive officers upon any termination of employment or Change in Control. The estimates below exclude the value of any Accrued Rights, as described in footnote 1 below, as any such amounts have been assumed to have been paid current at the time of the termination event.

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Under the terms of each named executive officer's employment agreement, the executive is precluded under certain circumstances from competing with us for a period of six months post-termination, and must enter into a release of claims in order to receive the severance described below.

	Termination (a) for Cause, (b) without Good Reason or (c) due to non-renewal by the executive (\$) <sup>(1)</sup>	Termination (a) during the term of employment (other than in connection with a Change in Control), (b) without Cause (other than by reason of death or disability) by us, (c) for Good Reason or (d) due to non-renewal by us (\$) <sup>(2)</sup>	Termination in connection with a Change in Control (\$) <sup>(3)</sup>	Death or Disability (\$) <sup>(4)</sup>
<b>Thomas D. O Malley</b>				
Cash severance payment		2,250,000	4,485,000	750,000
Cash bonus <sup>(5)</sup>				[ ]
Continuation of health benefits <sup>(6)</sup>				
Accelerated equity <sup>(7)</sup>			[ ]	[ ]
<b>Thomas J. Nimbley</b>				
Cash severance payment		1,050,000	2,093,000	350,000
Cash bonus <sup>(5)</sup>				[ ]
Continuation of health benefits <sup>(9)</sup>				
Accelerated equity <sup>(7)</sup>			[ ]	[ ]
<b>Matthew C. Lucey</b>				
Cash severance payment		637,500	1,270,750	212,500
Cash bonus <sup>(5)</sup>				[ ]
Continuation of health benefits <sup>(8)</sup>		36,253	70,492	
Accelerated equity <sup>(7)</sup>			[ ]	[ ]
<b>Donald F. Lucey</b>				
Cash severance payment		900,000	1,794,000	300,000
Cash bonus <sup>(5)</sup>				[ ]
Continuation of health benefits <sup>(6)</sup>				
Accelerated equity <sup>(7)</sup>			[ ]	[ ]
<b>Michael D. Gayda</b>				
Cash severance payment		975,000	1,943,500	325,000
Cash bonus <sup>(5)</sup>				[ ]
Continuation of health benefits <sup>(6)</sup>				
Accelerated equity <sup>(7)</sup>			[ ]	[ ]

- (1) *Termination for Cause, without Good Reason or due to non-renewal by the executive.* In the event the executive is terminated by us for Cause, the executive terminates his employment without Good Reason or the executive does not renew his employment with us at the end of his current term, the executive will be entitled to: (1) receive accrued, but unpaid salary through the date of termination; (2) receive any earned, but unpaid portion of the previous year's cash bonus; (3) receive unreimbursed business expenses; (4) receive applicable benefits; and (5) except in the event of a termination for Cause, exercise any vested options in accordance with the terms of the long term incentive plan, or collectively, the Accrued Rights.

Good Reason as defined in the employment agreements means, without the executive's consent (A) the failure of the company to pay or cause to be paid the executive's base salary or cash bonus, if any, when due, (B) any adverse, substantial and sustained diminution in the executive's authority or responsibilities by the company from those described in the employment agreement,

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(C) the company requiring a change in the location for performance of the executive's employment responsibilities to a location more than 50 miles from the company's office (not including ordinary travel during the regular course of employment) or (D) any other action or inaction that constitutes a material breach by the company of the employment agreement; provided, that the events described in clauses (A), (B), (C) and (D) shall constitute "Good Reason" only if the company fails to cure such event within 20 days after receipt from the executive of written notice of the event which constitutes "Good Reason"; provided, further, that "Good Reason" shall cease to exist for an event described in clauses (A), (B), (C) and (D) on the 90th day following the later of its occurrence or the executive's knowledge thereof, unless the executive has given the company written notice thereof prior to such date.

Cause as defined in the employment agreements includes the following: (A) the executive's continued willful failure to substantially perform his duties (other than as a result of a disability) for a period of 30 days following written notice by the company to the executive of such failure, (B) the executive's conviction of, or plea of nolo contendere to a crime constituting a misdemeanor involving moral turpitude or a felony, (C) the executive's willful malfeasance or willful misconduct in connection with the executive's duties under the employment agreement, including fraud or dishonesty against the company, or any of its affiliates, or any act or omission which is materially injurious to the financial condition or business reputation of the company, or any of its affiliates, other than an act or omission that was committed or omitted by the executive in the good faith belief that it was in the best interest of the company, (D) a breach of the executive's representations and warranties in such employment agreement, or (E) the executive's breach of the non-competition, non-solicitation, non-disparagement or non-disclosure provisions of the employment agreement.

- (2) *Termination during the term of employment (other than in connection with a Change in Control as described below), without Cause (other than by reason of death or disability) by us, for Good Reason or due to non-renewal by us.* In the event the executive is terminated during the term of employment (other than in connection with a Change in Control as described in footnote (3) below), without Cause (other than by reason of death or disability) by us, for Good Reason or due to non-renewal by us, the executive will be entitled to: (1) the Accrued Rights; (2) a cash lump sum payment equal to 1.5 times base salary; and (3) the continuation of certain health benefits for 18 months.
- (3) *Termination in connection with a Change In Control.* In the event the executive is terminated by us without Cause (other than by reason of death or disability) or resigns with Good Reason, in each case six months prior to or within one year subsequent to the consummation of a Change in Control, the executive will be entitled to: (1) the Accrued Rights; (2) a cash lump sum payment equal to 2.99 times the executive's salary in effect on the date of termination; (3) immediate vesting and exercisability of outstanding options or other grants under the long term incentive plan, warrants and PBF LLC Series B Units; and (4) the continuation of certain health benefits for two years and 11 months.

A Change In Control as defined in the employment agreements, is deemed to have occurred if:

any of the following is consummated: (x) any consolidation, reorganization, merger or similar transaction (in one transaction or a series of related transactions) involving the company, other than a consolidation, reorganization, merger or similar transaction in which the voting power of the voting securities of the company immediately prior to such transaction constitute more than 50% of the combined voting power of the voting securities of the surviving entity, (y) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the company, or (z) the liquidation or dissolution of the company; or

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any person (as defined in sections 13(d) and 14(d)(2) of the Exchange Act) becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the voting power of the company outstanding at the time (in one or more related or unrelated transactions).

- (4) *Death or Disability.* In the event of death or disability, the named executive officer's estate or the executive, as applicable, will be entitled to receive: (1) the Accrued Rights; (2) a pro rata portion of the executive's cash bonus for the year in which such death or disability occurs; and (3) a cash lump sum payment equal to the greater of (A) one-half of the executive's annual salary as in effect on the date of termination or (B) one-half of the aggregate amount of the executive's salary that the executive would have received had the full term of employment occurred under the employment agreement. The amounts shown in this column as the cash severance payment represent one-half of the executive's annual salary as of December 31, 2011. The actual amount payable upon death or disability could vary.
- (5) These amounts are equal to the named executive officer's cash bonus award for 2011. The actual pro rata portion of an executive's cash bonus for the year in which death or disability occurs is likely to be different.
- (6) Messrs. O Malley, Nimbley, D. Lucey and Gayda would not have been eligible to receive any continued medical benefits from us as of December 31, 2011, as they were covered by previous employer's medical plans. Our obligation to provide continuation coverage for these named executive officers may change in future years.
- (7) These amounts reflect the accelerated value of non-vested options to purchase PBF LLC Series A Units and PBF LLC Series B Units as of December 31, 2011 based on an assumed initial public offering price of \$ per share of Class A common stock (the mid-point of the estimated price range set forth on the cover page of this prospectus).
- (8) The continued health benefits cost for Mr. M. Lucey is based on our cost for his benefits as of December 31, 2011.

**Compensation of Directors**

Directors who are also our employees or representatives of our affiliates receive no separate compensation for service on our board of directors or committees thereof. We reimburse all of our directors for customary expenses incurred in connection with attending meetings of our board of directors and committees thereof. Following the consummation of this offering, our non-executive directors will be entitled to receive director fees as determined by the compensation committee of our board of directors.

Our non-employee, independent directors, Mr. Allen and Mr. Houston, were paid in 2011 an annual retainer of \$50,000 each and \$1,500 for each board meeting attended. Effective April 2012, we increased the annual retainer to \$75,000. Mr. Allen receives an additional annual retainer of \$10,000 for his role as Chairman of the Audit Committee and \$1,500 for presiding over each Audit Committee meeting. In addition, in 2011, our compensation committee granted each of Mr. Allen and Mr. Houston options to purchase 25,000 PBF LLC Series A Units for their continued service on our board of directors. The options granted to Mr. Allen were fully vested and exercisable upon grant and were exercised in full in December 2011, and the options granted to Mr. Houston vest in three equal annual installments starting on the first anniversary of the date of grant.

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The following table summarizes all compensation for our non-employee directors for the fiscal year ended December 31, 2011.

Name	Fees Earned or Paid in Cash(\$)	Option Awards\$( <sup>1</sup> )	Total (\$)
Jefferson F. Allen	84,000	99,550	183,550
Dennis Houston	39,667	45,250	84,917

- (1) The amounts set forth in this column represent the grant date fair value of options for the purchase of Series A Units in PBF LLC. The grant date fair value was calculated pursuant to FASB ASC Topic 718 based on the assumptions set forth in Note 12 to the PBF LLC Consolidated financial statements for the year ended December 31, 2011.

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### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Each of the related party transactions described below was negotiated on an arm's length basis. We believe that the terms of such agreements are as favorable as those we could have obtained from parties not related to us.

#### **Our Relationship with Blackstone and First Reserve**

Blackstone and First Reserve control ownership interests in a broad range of companies. We have entered into commercial transactions on arm's length terms in the ordinary course of business with certain of these companies, including for the purchase of goods and services.

#### **PBF LLC Limited Liability Company Agreement**

As a result of the Offering Transactions, PBF Energy will hold PBF LLC Series C Units and be the sole managing member of PBF LLC. Accordingly, PBF Energy will operate and control all of the business and affairs of PBF LLC and, through PBF LLC and its operating entity subsidiaries, conduct our business.

Prior to this offering, there were 92,257,812 PBF LLC Series A Units issued and outstanding, of which 44,861,169.5 units were owned by each of Blackstone and First Reserve and 2,535,473 units were owned by our remaining existing owners, including Mr. O Malley. In addition, there are 1,000,000 PBF LLC Series B Units issued and outstanding, all of which are held by certain of our officers. The PBF LLC Series B Units are profits interests which entitle the holders to participate in the profits of PBF LLC after the date of issuance. Certain of our existing owners and other employees hold options and warrants to purchase an additional 4,576,297 PBF LLC Series A Units at an exercise price of \$10.00 per unit, of which will be vested and exercisable as of the date of the closing of this offering.

Immediately prior to this offering, the limited liability company agreement of PBF LLC will be amended and restated to, among other things, designate PBF Energy as the sole managing member of PBF LLC and establish the PBF LLC Series C Units which will be held by PBF Energy. Following this offering, PBF Energy will have the right to determine the timing and amount of any distributions (other than tax distributions) to be made to holders of PBF LLC Series A Units and PBF LLC Series C Units. Profits and losses of PBF LLC will be allocated, and all distributions generally will be made, pro rata to the holders of PBF LLC Series A Units (subject to the rights of the holders of PBF LLC Series B Units) and PBF LLC Series C Units. The PBF LLC Series A Units and the PBF LLC Series C Units are generally identical in all respects, except that the PBF LLC Series B Units share in the allocations of income and distributions that would otherwise be made to the holders of PBF LLC Series A Units (our existing owners), and therefore do not dilute the interests of the holder of PBF LLC Series C Units (PBF Energy) or the direct holders of our Class A common stock. In addition, the amended and restated limited liability company agreement of PBF LLC provides that any PBF LLC Series A Units acquired by PBF Energy from our existing owners, whether at the time of this initial public offering or thereafter in accordance with the exchange agreement, will automatically, and without any further action, be reclassified as PBF LLC Series C Units immediately prior to such acquisition.

The holders of limited liability company interests in PBF LLC, including PBF Energy, will generally have to include for purposes of calculating their U.S. federal, state and local income taxes their share of any taxable income of PBF LLC. Taxable income of PBF LLC generally will be allocated to the holders of units (including PBF Energy) pro rata in accordance with their respective share of the net profits and net losses of PBF LLC. The amended and restated limited liability company agreement of PBF LLC will provide for mandatory cash tax distributions to the

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members of PBF LLC, including PBF Energy, based on certain assumptions. Generally, these tax distributions will be an amount equal to our 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 prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses).

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The limited liability company agreement of PBF LLC also will provide that substantially all expenses incurred by or attributable to PBF Energy (such as expenses incurred in connection with this offering), but not including obligations incurred under the tax receivable agreement by PBF Energy, income tax expenses of PBF Energy and payments on indebtedness incurred by PBF Energy, will be borne by PBF LLC.

## **Exchange Agreement**

We will enter into an exchange agreement with each of the holders of PBF LLC Series A Units and PBF LLC Series B Units. Pursuant to the amended and restated limited liability company agreement of PBF LLC and the exchange agreement, each of our existing owners (and certain permitted assignees thereof and holders who acquire PBF LLC Series A Units upon the exercise of certain warrants and options) may (subject to the terms of the exchange agreement), exchange its PBF LLC Series A Units for shares of Class A common stock of PBF Energy on a one-for-one basis, subject to equitable adjustments for stock splits, stock dividends and reclassifications, and further subject to the rights of the holders of PBF LLC Series B Units to receive a portion of the shares of Class A common stock that would otherwise be received by our existing owners upon such exchange. The exchange agreement provides, however, that exchanges may not be made more frequently than once per calendar quarter and any exchanges must be for a minimum of the lesser of 1,000 PBF LLC Series A Units or all of the PBF LLC Series A Units held by such holder. The exchange agreement will also provide that holders will not have the right to exchange PBF LLC Series A Units if PBF Energy determines that such exchange would be prohibited by law or regulation or would violate other agreements to which PBF Energy may be subject. PBF Energy may impose additional restrictions on exchange that it determines to be necessary or advisable so that PBF LLC is not treated as a publicly traded partnership for United States federal income tax purposes. As a holder exchanges its PBF LLC Series A Units, PBF Energy's interest in PBF LLC will be correspondingly increased.

## **Registration Rights Agreement**

In connection with this offering, we will enter into an amended and restated registration rights agreement with each of our existing owners pursuant to which we will grant them and their affiliates and permitted transferees the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act shares of Class A common stock delivered in exchange for PBF LLC Series A Units or otherwise beneficially owned by them. Under the registration rights agreement, we will agree following the expiration of the 180-day lock-up period described in this prospectus, to make available a shelf registration statement to register the exchange by our existing owners of PBF LLC Series A Units for shares of Class A common stock and the resale by them of shares of Class A common stock into the market from time to time, provided that existing owners who beneficially own more than 5% of our outstanding shares of Class A common stock shall not publicly sell their shares pursuant to the shelf registration statement more than two times in any 365-day period and then only in public sales of at least \$50 million. In addition, each of our existing owners will have the ability to exercise certain piggyback registration rights in respect of shares of Class A common stock held by them in connection with registered offerings requested by other registration rights holders or initiated by us. Finally, our existing owners have the right to require us to cooperate with them in disposing of their shares of Class A common stock in an underwritten public offering if the gross proceeds from such offering is reasonably anticipated to be at least \$25 million, provided that we shall not have to undertake an underwritten public offering more than twice in any 365-day period or sooner than 120 days from the closing of any other underwritten public offering for which the existing owners had piggyback registration rights, and each of Blackstone and First Reserve shall be entitled to request no more than four underwritten public offerings in the aggregate.

## **Tax Receivable Agreement**

As described in Organizational Structure Offering Transactions, we intend to use a significant portion of the proceeds from this offering to purchase PBF LLC Series A Units from PBF LLC, which is owned by our existing owners. In addition, our existing owners may (subject to the terms of the exchange agreement) exchange their PBF LLC Series A Units for shares of Class A common stock of PBF Energy on a one-for-one basis. PBF



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LLC (and each of its subsidiaries classified as a partnership for federal income tax purposes) intends to make an election under Section 754 of the Code effective for each taxable year in which an exchange of PBF LLC Series A Units for shares of Class A common stock occurs. The purchase of PBF LLC Series A Units and subsequent exchanges are expected to result, with respect to PBF Energy in increases in the tax basis of the assets of PBF LLC that otherwise would not have been available. These increases in tax basis may reduce the amount of tax that the corporate taxpayer would otherwise be required to pay in the future. These increases in tax basis may also decrease gains (or increase losses) on future dispositions of certain assets to the extent tax basis is allocated to those assets.

We will enter into a tax receivable agreement with the holders of PBF LLC Series A Units and PBF LLC Series B Units (and certain permitted assignees thereof and holders who acquire PBF LLC Series A Units upon the exercise of certain warrants and options) that will provide for the payment from time to time by PBF Energy to such persons of 85% of the amount of the benefits, if any, that PBF Energy is deemed to realize as a result of (i) these increases in tax basis and (ii) certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. These payment obligations are obligations of PBF Energy and not of PBF LLC. For purposes of the tax receivable agreement, the benefit deemed realized by PBF Energy generally 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 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 for an amount based on the agreed payments remaining to be made under the agreement or PBF Energy breaches any of its material obligations under the tax receivable agreement in which case all obligations will generally be accelerated and due as if PBF Energy had exercised its right to terminate the agreement. Estimating the amount of payments that may be made under the tax receivable agreement is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. The actual increase in tax basis, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including:

the timing of exchanges for instance, the increase in any tax deductions will vary depending on the fair value, which may fluctuate over time, of the depreciable or amortizable assets of PBF LLC at the time of each exchange;

the price of shares of our Class A common stock at the time of the exchange the increase in any tax deductions, as well as the tax basis increase in other assets, of PBF LLC is affected by the price of shares of our Class A common stock at the time of the exchange;

the extent to which such exchanges are taxable if an exchange is not taxable for any reason, increased deductions will not be available; and

the amount and timing of our income PBF Energy generally will be required to pay 85% of the deemed benefits as and when deemed realized. If PBF Energy does not have taxable income, PBF Energy generally is not required (absent a change of control or circumstances requiring an early termination payment) to make payments under the tax receivable agreement for that taxable year because no benefit will have been actually realized. However, any tax benefits that do not result in realized benefits in a given tax year will likely generate tax attributes that may be utilized to generate benefits in previous or future tax years. The utilization of such tax attributes will result in payments under the tax receivable agreement.

We expect that the payments that we may make under the tax receivable agreement will be substantial. Assuming no material changes in the relevant tax law, and that we earn sufficient taxable income to realize all tax benefits that are subject to the tax receivable agreement, we expect that future payments under the tax receivable agreement relating to the purchase by us of PBF LLC Series A Units as part of the offering transactions to aggregate \$        million (or \$        million if the underwriters exercise their option to purchase

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additional shares) and to range over the next 15 years from approximately \$      million to \$      million per year (or range from approximately \$      million to \$      million per year if the underwriters exercise their option to purchase additional shares) and decline thereafter. Future payments under the agreement by us in respect of subsequent exchanges would be in addition to these amounts and are expected to be substantial. The foregoing numbers are merely estimates the actual payments could differ materially. It is possible that future transactions or events could increase or decrease the actual tax benefits realized and the corresponding tax receivable agreement payments. There may be a material negative effect on our liquidity if, as a result of timing discrepancies or otherwise, (a) the payments under the tax receivable agreement exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement and/or (b) distributions to PBF Energy by PBF LLC are not sufficient to permit PBF Energy to make payments under the tax receivable agreement after it has paid its taxes and other obligations. The payments under the tax receivable agreement are not conditioned upon any persons continued ownership of us.

The effects of the tax receivable agreement on our consolidated balance sheet as a result of our purchase of PBF LLC Series A Units with our proceeds from this offering are as follows:

we will record an increase of \$      million in deferred tax assets (or \$      million if the underwriters exercise their option to purchase additional shares) for the estimated income tax effects of the increase in the tax basis of the assets owned by PBF Energy based on enacted federal, state and local income tax rates at the date of the transaction. To the extent we estimate that we will not realize the full benefit represented by the deferred tax asset, based on an analysis of expected future earnings, we will reduce the deferred tax asset with a valuation allowance;

we will record      % of the estimated realizable tax benefit resulting from (i) the increase in the tax basis of the purchased interests as noted above 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 as an increase of \$      million (or \$      million if the underwriters exercise their option to purchase additional shares) payable to a related party pursuant to tax receivable agreement; and

we will record an increase to additional paid-in capital in an amount equal to the difference between the increase in deferred tax assets and the increase in liability due to our existing owners under the tax receivable agreement.

The amounts to be recorded for both the deferred tax assets and the liability for our obligations under the tax receivable agreement have been estimated. All of the effects of changes in any of our estimates after the date of the purchase will be included in our net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

In addition, the tax receivable agreement provides that upon certain changes of control, or if, at any time, we elect an early termination of the tax receivable agreement, our (or our successor s) obligations with respect to exchanged or acquired PBF LLC Series A Units (whether exchanged or acquired before or after such transaction) would be based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement. As a result, (i) we could be required to make payments under the tax receivable agreement that are greater than or less than the specified percentage of the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreement and (ii) if we elect to terminate the tax receivable agreement early or if we undergo certain changes of control, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits, which upfront payment may be made years in advance of the actual realization of such future benefits. In these situations, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity.

Decisions made by our existing owners in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by them under the tax receivable agreement. For example, the earlier



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disposition of assets following an exchange or acquisition transaction will generally accelerate payments under the tax receivable agreement and increase the present value of such payments, and the disposition of assets before an exchange or acquisition transaction will increase our existing owners' tax liability without giving rise to any rights of our existing owners to receive payments under the tax receivable agreement.

Payments are generally due under the tax receivable agreement within a specified period of time following the filing of our tax return for the taxable year with respect to which the payment obligation arises, although interest on such payments will begin to accrue at a rate of LIBOR plus 50 basis points from the due date (without extensions) of such tax return, however we may defer payments under the tax receivable agreement to the extent we do not have available cash to satisfy our payment obligations under the tax receivable agreement. Such deferred payments would accrue interest at a rate of LIBOR plus 250 basis points.

Payments under the tax receivable agreement will be based on the tax reporting positions that we will determine in accordance with such agreement. Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, the corporate taxpayer will not be reimbursed for any payments previously made under the tax receivable agreement. As a result, in certain circumstances, payments could be made under the tax receivable agreement in excess of the benefits that PBF Energy actually realizes in respect of the tax attributes subject to the tax receivable agreement.

**Investments in PBF LLC**

Each of our executive officers, one of our directors and certain other employees have been provided with the opportunity to purchase PBF LLC Series A Units and non-compensatory warrants to purchase PBF LLC Series A Units. The number of units and warrants offered for purchase were based upon the individual's position and other relevant factors, and approved by the board of directors of PBF LLC. The following table sets forth the number of PBF LLC Series A Units and non-compensatory warrants to purchase PBF LLC Series A Units purchased and the price paid therefor by our named executive officers and one of our directors since the beginning of fiscal 2008.

Name	Aggregate Purchase Price (\$)	Series A Units (#)	Non-Compensatory Warrants for the Purchase of Series A Units <sup>(1)(2)</sup> (#)
Thomas D. O'Malley Executive Chairman of the Board of Directors <sup>(3)</sup>	18,095,150	1,809,515	1,815,380
Thomas J. Nimbley Chief Executive Officer	2,225,000	225,000	300,000
Matthew C. Lucey Senior Vice President, Chief Financial Officer	135,000	13,500	17,319
Donald F. Lucey Executive Vice President, Chief Commercial Officer	766,271	76,627	100,000
Michael D. Gayda President	750,000	75,000	100,000
Jefferson F. Allen Director	750,000	75,000	70,000

- (1) Each non-compensatory warrant for the purchase of PBF LLC Series A Units has an exercise price of \$10.00 per unit and is immediately exercisable for a ten-year period.

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- (2) In connection with the purchase of PBF LLC Series A Units and warrants, compensatory warrants for the purchase of PBF LLC Series A Units were also granted to each of these persons. See Executive Compensation Grants of Plan-Based Awards in 2011 and Outstanding Equity Awards at 2011 Fiscal Year-End.

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- (3) Thomas D. O Malley owns 1,649,700 PBF LLC Series A Units and holds non-compensatory warrants for the purchase of 1,745,380 PBF LLC Series A Units. Thomas D. O Malley, Jr., Thomas D. O Malley's son, owns 101,627 PBF LLC Series A Units. Horse Island Partners, of which Mr. O Malley is the managing member, directly owns 58,188 PBF LLC Series A Units and non-compensatory warrants for the purchase of 70,000 PBF LLC Series A Units.

## **Consulting Agreement with Fuel Strategies International**

Pursuant to a consulting agreement, Fuel Strategies International, Inc., the principal of which is James P. O Malley, the brother of Thomas D. O Malley, the Executive Chairman of our Board of Directors, provided us with monthly consulting services relating to our petroleum coke and commercial operations. The initial term of the agreement was effective from February 8, 2010 through May 1, 2010, after which time it became an evergreen contract. The agreement is automatically renewed for additional 30-day periods unless terminated by either party upon ten days notice prior to the expiration of any renewal term. During 2011 and 2010 we paid \$487,925 and \$276,302, respectively, to Fuel Strategies under this agreement.

## **Private Aircraft**

We have an agreement with Thomas D. O Malley, our Executive Chairman of the Board of Directors, for the use of an airplane owned by 936MP, LLC, a Delaware limited liability company, owned by Mr. O Malley. We pay a charter rate that is the lowest rate this aircraft is chartered to third-parties. The audit committee of the board of directors reviews such usage of the airplane annually. During 2011 and 2010, we incurred charges of \$820,524 and \$393,288, respectively, related to use of this plane.

## **Private Placement of Senior Secured Notes**

On February 9, 2012, our subsidiary, PBF Holding, sold in a private placement \$25.5 million aggregate principal amount of 8.25% senior secured notes due 2020 to Thomas D. O Malley, our Executive Chairman of the Board of Directors, certain of his affiliates and family members, and certain of our other executives, at a purchase price of 98.565% thereof. These notes are identical in all material respects to the \$650.0 million aggregate principal amount of 8.25% senior secured notes offered and sold by PBF Holding (but are not expected to trade, and are not fungible, with those notes) and were sold without registration under the securities laws. These purchasers have registration rights pursuant to which, under certain circumstances, PBF Holding will file and use commercially reasonable efforts to keep effective a shelf registration statement covering resales of these notes.

## **Statement of Policy Regarding Transactions with Related Persons**

Our board of directors has adopted a written policy that applies to transactions with related persons. For purposes of the policy, related person transactions include transactions, arrangements or relationships involving amounts greater than \$120,000 in the aggregate in which we are a participant and a related person has a direct or indirect material interest. Related persons are deemed to include directors, director nominees, executive officers, owners of more than five percent of our common stock, or an immediate family member of the preceding group. The policy provides that our audit committee will be responsible for the review and approval or ratification of all related-person transactions.

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Our audit committee will review the material facts of all related person transactions that require the committee's approval and either approve or disapprove of the entry into the related person transaction, subject to certain exceptions described below. The policy prohibits any director from participating in any discussion or approval of a related person transaction for which such director is a related person, except that such director is required to provide all material information concerning the interested transaction to the committee. As part of its review and approval of a related person transaction, the committee will consider whether the transaction is made

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on terms no less favorable than terms that would be generally available to an unaffiliated third-party under the same or similar circumstances, the extent of the related-person's interest in the transaction and any other matters the committee deems appropriate.

Our related person transactions policy does not apply to: (1) employment of executive officers if the compensation is disclosed in the proxy statement or approved by the compensation committee; (2) director compensation that is disclosed in the proxy statement; (3) pro rata payments arising solely from the ownership of our equity securities; (4) certain indebtedness arising from ordinary course transactions or with owners of more than five percent of our common stock; (5) transactions where the rates or charges are determined by competitive bids; (6) certain charitable contributions; (7) regulated transactions; and (8) certain financial services.

**Table of Contents****PRINCIPAL STOCKHOLDERS**

The following tables set forth information regarding the beneficial ownership of shares of our Class A common stock by (1) each person known to us to beneficially own more than 5% of any class of the outstanding voting securities of PBF Energy, (2) each of our directors and named executive officers and (3) all of our directors and executive officers as a group.

Prior to this offering, PBF LLC owned 100% of our outstanding common stock. Following the closing of this offering, Blackstone and First Reserve, together with certain of our directors and executive officers, will beneficially own their interests in our Class A common stock set forth below through their ownership of PBF LLC. The number of shares of our Class A common stock and percentage of beneficial ownership before and after the Offering Transactions is presented after giving effect to the Reorganization Transactions and described under Organizational Structure. The number of shares of our Class A Common Stock and percentage of beneficial ownership after the Offering Transactions set forth below are based on shares of our Class A common stock and of PBF LLC Series A Units outstanding immediately after the Offering Transactions, and assumes that we will use \$ million of the proceeds we receive from this offering to purchase PBF LLC Series A Units (which will be reclassified as PBF LLC Series C Units immediately prior to such acquisition) held by Blackstone and First Reserve and certain of our directors, executive officers and other employees.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. Except as otherwise indicated, the business address for each of the following persons is One Sylvan Way, Parsippany, New Jersey 07054.

Name	Class A Common Stock Beneficially Owned <sup>(1)</sup>				Combined Voting Power <sup>(2)(3)</sup>					
	Prior to the Offering Transactions		After the Offering Transactions Assuming Underwriters Option is Not Exercised		After the Offering Transactions Assuming Underwriters Option is Exercised in Full		Prior to the Offering Transactions		After the Offering Transactions Assuming Underwriters Option is Exercised in Full	
	Number	%	Number	%	Number	%	%	%	%	%
Blackstone <sup>(4)</sup>	44,861,169	48.6					48.6			
First Reserve <sup>(5)</sup>	44,861,169	48.6					48.6			
Thomas D. O Malley <sup>(6)</sup>	4,301,288	4.5					4.5			
Thomas J. Nimbley <sup>(7)</sup>	675,000	*					*			
Matthew C. Lucey <sup>(8)</sup>	49,198	*					*			
Donald F. Lucey <sup>(9)</sup>	226,627	*					*			
Michael D. Gayda <sup>(10)</sup>	225,000	*					*			
Jefferson F. Allen <sup>(11)</sup>	175,000	*					*			
Martin J. Brand <sup>(12)</sup>	44,861,169	48.6					48.6			
Timothy H. Day <sup>(13)</sup>	44,861,169	48.6					48.6			
David I. Foley <sup>(14)</sup>	44,861,169	48.6					48.6			
Dennis Houston <sup>(15)</sup>	8,333	*					*			
Neil A. Wizel <sup>(16)</sup>	44,861,169	48.6					48.6			
All directors and executive officers as a group (12 persons) <sup>(17)</sup>	95,419,597	99.6					99.6			

\* Represents less than 1%.

(1) Subject to the terms of the exchange agreement, the PBF LLC Series A Units are exchangeable at any time and from time to time for shares of our Class A common stock on a one-for-one basis, subject to equitable adjustments for stock splits, stock dividends

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and reclassifications and further subject to the rights of the holders of PBF LLC Series B Units to receive a portion of the shares of

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Class A common stock that would otherwise be received by our existing owners upon such exchange. See Certain Relationships and Related Transactions PBF LLC Limited Liability Company Agreement and Certain Relationships and Related Transactions Exchange Agreement.

- (2) Represents percentage of voting power of the Class A common stock and Class B common stock of PBF Energy voting together as a single class. See Description of Capital Stock.
- (3) Our existing owners will hold all of the shares of our Class B common stock. Each holder of Class B common stock shall be entitled, without regard to the number of shares of Class B common stock held by it, to one vote for each PBF LLC Series A Unit held by it. Accordingly, our existing owners have a number of votes in PBF Energy that is equal to the aggregate number of PBF LLC Series A Units that it holds. See Description of Capital Stock Class B Common Stock.
- (4) Consists entirely of PBF LLC Series A Units. The Blackstone Vehicles (as hereinafter defined) are comprised of the following entities: Blackstone PB Capital Partners V Subsidiary L.L.C. ( BPBCP V ), Blackstone PB Capital Partners V-AC L.P. ( BPBCP V-AC ), Blackstone Family Investment Partnership V USS L.P. ( BFIP V ), Blackstone Family Investment Partnership V-A USS SMD L.P. ( BFIP V-A ), and Blackstone Participation Partnership V USS L.P. ( BPP V , and together with BPBCP V, BPBCP V-AC, BFIP V and BFIP V-A, the Blackstone Vehicles ). The Blackstone Vehicles beneficially own (i) 37,131,143 PBF LLC Series A Units, which are held by BPBCP V, (ii) 6,653,361 PBF LLC Series A Units, which are held by BPBCP V-AC, (iii) 204,804 PBF LLC Series A Units, which are held by BFIP V, (iv) 777,759 PBF LLC Series A Units, which are held by BFIP V-A, and (v) 94,100 PBF LLC Series A Units, which are held by BPP V. Blackstone Management Associates V USS L.L.C. ( BMA ) is a general partner of each of BPBCP V and BPBCP V-AC. BCP V USS Side-by-Side GP L.L.C. ( BCP V GP L.L.C. ) is a general partner of BFIP V and BPP V. Blackstone Holdings II L.P. holds the majority of membership interests in BMA and is the sole member of BCP V GP L.L.C. The general partner of Blackstone Holdings II L.P. is Blackstone Holdings I/II GP Inc. The sole shareholder of Blackstone Holdings I/II GP Inc. is The Blackstone Group L.P. The general partner of The Blackstone Group L.P. is Blackstone Group Management L.L.C., which is in turn, wholly owned by Blackstone s senior managing directors and controlled by its founder, Stephen A. Schwarzman. The general partner of BFIP V-A is Blackstone Family GP L.L.C., which is in turn, wholly owned by Blackstone s senior managing directors and controlled by its founder, Mr. Schwarzman. Each of such Blackstone entities and Mr. Schwarzman may be deemed to beneficially own the shares beneficially owned by the Blackstone Vehicles directly or indirectly controlled by it or him, but each disclaims beneficial ownership of such shares except to the extent of its or his indirect pecuniary interest therein. The address of each of Mr. Schwarzman and each of the other entities listed in this footnote is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.
- (5) Consists entirely of PBF LLC Series A Units. Owned collectively by FR PBF Holdings LLC and FR PBF Holdings II LLC, which in turn are wholly owned and managed by FR XII PBF Holdings LLC, which in turn is collectively owned and managed by FR XII PBF AIV, L.P. ( FR XII ) and FR XII-A PBF AIV, L.P. ( FR XII-A ). FR XII and FR XII-A are managed by First Reserve GP XII, L.P. which, in turn, is managed by First Reserve GP XII Limited. Decisions with respect to voting and investments are made by the Investment Committee of First Reserve GP XII Limited, which includes Timothy H. Day, Alex T. Krueger, William E. Macaulay and Mark A. McComiskey. The address of FR PBF Holdings LLC and First Reserve is c/o First Reserve Corporation, One Lafayette Place, Greenwich, Connecticut 06830.
- (6) Consists of (a) 1,649,700 PBF LLC Series A Units held directly by Mr. O Malley, (b) 58,188 PBF LLC Series A Units and warrants to purchase an additional 100,000 PBF LLC Series A Units held by Horse Island Partners, of which Mr. O Malley is the Managing Member, and (c) an aggregate of 2,493,400 PBF LLC Series A Units that can be acquired within 60 days upon the exercise of outstanding warrants and options. In addition, does not include 350,000 PBF LLC Series B Units beneficially owned by Mr. O Malley, 50% of which are currently vested. The PBF LLC Series B Units do not currently entitle the holders to any dividend payments or any rights upon liquidation or dissolution of PBF LLC but may in the future entitle them to certain interests in the profits of the

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existing owners of PBF LLC after the passing of certain vesting dates and performance thresholds. For more information about the PBF LLC Series B Units, see Executive Compensation Compensation Discussion and Analysis Summary of PBF LLC Series B Units.

- (7) Consists of 225,000 PBF LLC Series A Units and an aggregate of 450,000 PBF LLC Series A Units that can be acquired within 60 days upon the exercise of outstanding warrants and options. In addition, does not include 160,000 PBF LLC Series B Units beneficially owned by Mr. Nimbley, 50% of which are currently vested.
- (8) Consists of 13,500 PBF LLC Series A Units and an aggregate of 35,698 PBF LLC Series A Units that can be acquired within 60 days upon the exercise of outstanding warrants and options. In addition, does not include 60,000 PBF LLC Series B Units beneficially owned by Mr. Lucey, 50% of which are currently vested.
- (9) Consists of 76,627 PBF LLC Series A Units and an aggregate of 150,000 PBF LLC Series A Units that can be acquired within 60 days upon the exercise of outstanding warrants and options. In addition, does not include 160,000 PBF LLC Series B Units beneficially owned by Mr. Lucey, 50% of which are currently vested.
- (10) Consists of 75,000 PBF LLC Series A Units and an aggregate of 150,000 PBF LLC Series A Units that can be acquired within 60 days upon the exercise of outstanding warrants and options. In addition, does not include 160,000 PBF LLC Series B Units beneficially owned by Mr. Gayda, 50% of which are currently vested.
- (11) Consists of 75,000 PBF LLC Series A Units and an aggregate of 100,000 PBF LLC Series A Units that can be acquired within 60 days upon the exercise of outstanding warrants and options.
- (12) Mr. Brand is a Managing Director of Blackstone. Mr. Brand disclaims beneficial ownership of any shares of the issuer's equity securities owned by the Blackstone Funds or their affiliates, except to the extent of their pecuniary interests therein.
- (13) Mr. Day is a Managing Director of First Reserve. Mr. Day disclaims beneficial ownership of any shares of the issuer's equity securities owned by such entities or their affiliates, except to the extent of their pecuniary interests therein.
- (14) Mr. Foley is a Senior Managing Director of Blackstone. Mr. Foley disclaims beneficial ownership of any shares of the issuer's equity securities owned by the Blackstone Funds or their affiliates, except to the extent of their pecuniary interests therein.
- (15) Consists of 8,333 PBF LLC Series A Units that can be acquired within 60 days upon the exercise of outstanding options.
- (16) Mr. Wizer is a Director of First Reserve. Mr. Wizer disclaims beneficial ownership of any shares of the issuer's equity securities owned by First Reserve or its affiliates, except to the extent of their pecuniary interests therein.
- (17) Consists of 91,908,166 PBF LLC Series A Units and an aggregate of 3,511,431 of PBF LLC Series A Units that can be acquired within 60 days upon the exercise of outstanding warrants and options. In addition, does not include 1,000,000 PBF LLC Series B Units beneficially owned by the directors and officers as a group, 50% of which are currently vested.

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**DESCRIPTION OF CAPITAL STOCK**

*The following is a description of the material terms of our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect upon consummation of this offering. We refer you to our certificate of incorporation and bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus forms a part.*

**Authorized Capitalization**

Upon completion of this offering, our authorized capital stock will consist of \_\_\_\_\_ shares of Class A common stock, par value \$0.001 per share, of which \_\_\_\_\_ shares will be issued and outstanding, \_\_\_\_\_ shares of Class B common stock, par value \$0.001 per share, of which \_\_\_\_\_ shares will be issued and outstanding, and \_\_\_\_\_ shares of preferred stock, par value \$0.001 per share, none of which will be issued and outstanding. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

**Class A Common Stock**

*Voting Rights.* Holders of shares of Class A common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. The holders of Class A common stock do not have cumulative voting rights in the election of directors.

*Dividend Rights.* Subject to the rights of the holders of any preferred stock that may be outstanding and any contractual or statutory restrictions, holders of our Class A common stock are entitled to receive equally and ratably, share for share dividends as may be declared by our board of directors out of funds legally available to pay dividends. Dividends upon our Class A common stock may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property, or in shares of capital stock. Before payment of any dividend, there may be set aside out of any of our funds available for dividends, such sums as the board of directors deems proper as reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any of our property, or for any proper purpose, and the board of directors may modify or abolish any such reserve.

*Liquidation Rights.* Upon liquidation, dissolution, distribution of assets or other winding up, the holders of Class A common stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of liabilities and the liquidation preference of any of our outstanding shares of preferred stock.

*Other Matters.* The shares of Class A common stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class A common stock. All outstanding shares of our Class A common stock, including the Class A common stock offered in this offering, are fully paid and non-assessable.

**Class B Common Stock**

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*Voting Rights.* Holders of shares of Class B common stock are entitled, without regard to the number of shares of Class B common stock held by such holder, to one vote for each PBF LLC Series A Unit beneficially owned by such holder. Accordingly, our existing owners collectively have a number of votes in PBF Energy that is equal to the aggregate number of PBF LLC Series A Units that they hold. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law.

*Dividend and Liquidation Rights.* Holders of our Class B common stock do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of PBF Energy.

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### **Preferred Stock**

Our certificate of incorporation authorizes our board of directors to establish one or more series of preferred stock and to determine, with respect to any series of preferred stock, the terms and rights of that series, including:

the designation of the series;

the number of shares of the series which our board may, except where otherwise provided in the preferred stock designation, increase or decrease, but not below the number of shares then outstanding;

whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;

the dates at which dividends, if any, will be payable;

the redemption rights and price or prices, if any, for shares of the series;

the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;

the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of our company, or upon any distribution of assets of our company;

whether the shares of the series will be convertible into shares of any other class or series, or any other security, of our company or any other corporation, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;

the preferences and special rights, if any, of the series and the qualifications and restrictions, if any, of the series;

the voting rights, if any, of the holders of the series; and

such other rights, powers and preferences with respect to the series as our board of directors may deem advisable.

### **Authorized but Unissued Capital Stock**

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the NYSE, which would apply so long as our Class A common stock is listed on the NYSE, require stockholder approval of certain issuances (other than a public offering) equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of Class A common

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stock, as well as for certain issuances of stock in compensatory transactions. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions. One of the effects of the existence of unissued and unreserved Class A common stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares of Class A common stock at prices higher than prevailing market prices.

### **Anti-Takeover Effects of Certain Provisions of Delaware Law and our Certificate of Incorporation and Bylaws**

Certain provisions of our certificate of incorporation and bylaws, which are summarized in the following paragraphs, may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

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### ***Undesignated Preferred Stock***

The ability to authorize undesignated preferred stock will make it possible for our board of directors to issue preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire us or otherwise effect a change in control of us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

### ***No Cumulative Voting***

The Delaware General Corporation Law, or DGCL, provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our certificate of incorporation prohibits cumulative voting.

### ***Calling of Special Meetings of Stockholders***

Our bylaws provide that special meetings of our stockholders may be called at any time only by the chairman of the board of directors, the chief executive officer or the board of directors.

### ***Stockholder Action by Written Consent***

The DGCL permits stockholder action by written consent unless otherwise provided by our certificate of incorporation. Our certificate of incorporation precludes stockholder action by written consent after the date on which Blackstone and First Reserve collectively cease to beneficially own at least a majority in voting power of all shares entitled to vote generally in the election of our directors.

### ***Advance Notice Requirements for Stockholder Proposals and Director Nominations***

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be properly brought before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Our bylaws allow the presiding officer at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed.

These provisions may defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

*Removal of Directors; Vacancies*

Our certificate of incorporation and bylaws provide that (a) prior to the date on which Blackstone and First Reserve and their affiliates collectively cease to beneficially own at least a majority in voting power of all shares entitled to vote generally in the election of directors, directors may be removed with or without cause upon the affirmative vote of holders of at least a majority of the voting power of all the then outstanding shares of stock entitled to vote generally in the election of directors, and (b) on and after the date Blackstone and First Reserve and their affiliates collectively cease to beneficially own at least a majority in voting power of all outstanding shares entitled to vote generally in the election of directors, directors may be removed only for cause and only upon the affirmative vote of holders of at least 75% of the voting power of all the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class. In addition, our bylaws provide that any newly-created directorship on the board of directors that results from an increase in the number of directors and any vacancy occurring on the board of directors shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

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### ***Delaware Anti-takeover Statute***

We have opted out of Section 203 of the DGCL. However, in the event that Blackstone and First Reserve collectively cease to beneficially own at least 25% of the total voting power of all the then outstanding shares of our capital stock, we will automatically become subject to Section 203 of the DGCL.

Subject to specified exceptions, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder. Business combinations include mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to various exceptions, an interested stockholder is a person who together with his or her affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock. These restrictions generally prohibit or delay the accomplishment of mergers or other takeover or change in control attempts.

### ***Supermajority Provisions***

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote is required to amend a corporation's certificate of incorporation or bylaws, unless the certificate of incorporation requires a greater percentage. Our certificate of incorporation will provide that, at any time when Blackstone and First Reserve collectively are the beneficial owners of less than a majority in voting power of our outstanding common stock, the following provisions in our certificate of incorporation may be amended, altered or repealed or any provision inconsistent therewith may be adopted only by the affirmative vote of the holders of at least 75% of the total voting power of all the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class:

the resignation and removal of directors;

the provisions regarding entering into business combinations with interested stockholders;

the provisions regarding stockholder action by written consent;

the provisions regarding calling special meetings of stockholders;

filling vacancies on our board and newly created directorships;

the advance notice requirements for stockholder proposals and director nominations;

the selection of the Delaware Court of Chancery as the exclusive forum for certain stockholder lawsuits; and

the amendment provision requiring that the above provisions be amended only with a 75% supermajority vote.

In addition, our certificate of incorporation will grant our board of directors the authority to amend and repeal our bylaws without a stockholder vote in any manner not inconsistent with the laws of the State of Delaware or our certificate of incorporation but will require a 75% supermajority vote for the stockholders to amend any provision of our bylaws.

*Limitations on Liability and Indemnification of Officers and Directors*

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties. Our certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for breach of fiduciary duty as a director, except:

for breach of duty of loyalty;

for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;

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under Section 174 of the DGCL (unlawful dividends); or

for transactions from which the director derived improper personal benefit.

Our certificate of incorporation and bylaws provide that we must indemnify our directors and officers to the fullest extent authorized by the DGCL. We are also expressly authorized to, and do, carry directors' and officers' insurance providing coverage for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

We have entered into indemnification agreements with each of our directors and officers providing for additional indemnification protection beyond that provided by the directors' and officers' liability insurance policy. In the indemnification agreements, we have agreed, subject to certain exceptions, to indemnify and hold harmless the director or officer to the maximum extent then authorized or permitted by the provisions of the certificate of incorporation, the DGCL, or by any amendment(s) thereto.

There is currently no pending litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

## **Choice of Forum**

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for: (a) any derivative action or proceeding brought on our behalf; (b) any action asserting a breach of fiduciary duty; (c) any action asserting a claim against us arising pursuant to the DGCL, our certificate of incorporation or our bylaws; or (d) any action asserting a claim against us that is governed by the internal affairs doctrine. However, several lawsuits involving other companies are currently pending challenging the validity of choice of forum provisions in certificates of incorporation, and it is possible that a court could rule that such provision is inapplicable or unenforceable.

## **Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock will be \_\_\_\_\_.

## **New York Stock Exchange Listing**

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We have applied to have our Class A common stock approved for listing on the NYSE under the symbol PBF.

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**SHARES ELIGIBLE FOR FUTURE SALE**

Before this offering, there has not been any public market for our shares of Class A common stock, and we cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of Class A common stock for future sale will have on the market price of our Class A common stock. Nevertheless, sales of substantial amounts of our Class A common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our Class A common stock and could impair our future ability to raise capital through the sale of equity securities.

Upon completion of this offering, we will have a total of \_\_\_\_\_ shares of our Class A common stock outstanding (or \_\_\_\_\_ shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock). All of the shares of Class A common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares which may be held or acquired by our \_\_\_\_\_ affiliates, as that term is defined in Rule 144 promulgated under the Securities Act, which shares will be subject to the volume limitations and other restrictions of Rule 144 described below and shares subject to the lock-up agreements described below.

Upon consummation of this offering, our existing owners will beneficially own \_\_\_\_\_ PBF LLC Series A Units, all of which will be exchangeable for shares of our Class A common stock pursuant to the terms of the exchange agreement on a one-for-one basis, subject to equitable adjustments for stock splits, stock dividends and reclassifications, and further subject to the rights of the holders of PBF LLC Series B Units to receive a portion of the shares of Class A common stock that would otherwise be received by our existing owners upon such exchange. The shares of Class A common stock we issue upon such exchanges would be \_\_\_\_\_ restricted securities as defined in Rule 144 unless we register such issuances. However, we have entered into a registration rights agreement with our existing owners that will require us to register under the Securities Act these shares of Class A common stock. See \_\_\_\_\_ Registration Rights Agreement and \_\_\_\_\_ Certain Relationships and Related Transactions Registration Rights Agreement.

In addition, holders of outstanding options and warrants to purchase 4,576,297 PBF LLC Series A Units have the right, pursuant to the amended and restated limited liability company agreement of PBF LLC and the exchange agreement described above and following exercise of such options and warrants, to exchange their PBF LLC Series A Units for up to an equivalent number of additional shares of Class A common stock. Finally, \_\_\_\_\_ shares of Class A Common Stock may be granted under our 2012 Equity Incentive Plan, including \_\_\_\_\_ shares issuable upon the exercise of stock options that we intend to grant to our directors, officers and employees at the time of consummation of this offering. See \_\_\_\_\_ Executive Compensation Compensation Discussion and Analysis. We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of Class A common stock or securities convertible into or exchangeable or exercisable for shares of Class A common stock issued under or covered by our equity incentive plans. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares of Class A common stock registered under such registration statements will be available for sale in the open market. We expect that the initial registration statement on Form S-8 will cover \_\_\_\_\_ shares of Class A common stock. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions, Rule 144 restrictions applicable to our affiliates or the lock-up agreements described below.

Our certificate of incorporation authorizes us to issue additional shares of Class A common stock and options, rights, warrants and appreciation rights relating to Class A common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion. In accordance with the DGCL and the provisions of our certificate of incorporation, we may also issue preferred stock that has designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to shares of Class A common stock. See \_\_\_\_\_ Description of Capital Stock. Similarly, the limited liability company agreement of PBF LLC permits PBF LLC to issue an unlimited number of additional limited liability company interests of



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PBF LLC with designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the PBF LLC Series A Units and PBF LLC Series C Units, and which may be exchangeable for shares of our Class A common stock.

### **Rule 144**

In general, under Rule 144 as currently in effect, beginning 90 days after the effective date of this prospectus, a person, including any of our affiliates who has beneficially owned shares of our Class A common stock for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of either of the following:

1% of the number of shares of Class A common stock then outstanding, which will equal approximately \_\_\_\_\_ of the shares outstanding immediately after this offering; and

the average weekly trading volume of the Class A common stock on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales by affiliates under Rule 144 also are subject to manner of sale provisions and notice requirements and to the availability of current public information about us. Under Rule 144, a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate, is entitled to sell its shares freely so long as current public information about us is available and after a one year holding period without complying with the manner of sale, volume limitation or notice provisions of Rule 144. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our Class A common stock after this offering because a greater supply of shares would be, or would be perceived to be, available for sale in the public market.

Sales under Rule 144 are also subject to the lock-up arrangements described below.

### **Lock-up Agreements**

In connection with this offering, we, our executive officers and directors, and Blackstone and First Reserve have agreed with the underwriters, subject to certain exceptions, not to sell, dispose of or hedge any of our Class A common stock or securities convertible into or exchangeable for shares of Class A common stock, during the period ending 180 days after the date of this prospectus, except with the prior written consent of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC. See Underwriting. We may, however, grant awards under our equity incentive plans and issue shares of Class A common stock upon the exercise of outstanding options and warrants, and we may issue or sell shares of Class A common stock under certain other circumstances.

The 180-day restricted period described in the preceding paragraph will be automatically extended if (a) during the last 17 days of the 180-day restricted period we issue an earnings release or announce material news or a material event relating to us occurs or (b) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day restricted period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the date of issuance of the earnings release or the announcement of the material news or material event.

**Rule 701**

Under Rule 701, any of our employees, consultants or advisors who purchase shares from us in connection with a qualified compensatory stock plan or other written agreement and are not deemed to be an affiliate of ours during the immediately preceding 90 days are eligible to resell those shares 90 days after the effective date of this offering in reliance on Rule 144, but without compliance with various restrictions, including the holding period, contained in Rule 144.

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### **Registration Rights Agreement**

In connection with this offering, we will enter into a registration rights agreement with our existing owners pursuant to which we will grant them and their affiliates and certain of their transferees the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act shares of Class A common stock delivered in exchange for PBF LLC Series A Units or otherwise beneficially owned by them. Securities registered under any such registration statement will be available for sale in the open market unless restrictions apply. See Certain Relationships and Related Transactions Registration Rights Agreement.

### **Effect of Sales of Shares**

Prior to this offering, there was no public market for our Class A common stock, and no prediction can be made as to the effect, if any, that market sales of shares of Class A common stock or the availability of shares for sale will have on the market price of our Class A common stock. Nevertheless, sales of significant numbers of shares of our Class A common stock in the public market after the completion of this offering could adversely affect the market price of our Class A common stock and impair our future ability to raise capital through an offering of our equity securities.

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**CERTAIN U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS**

The following is a summary of certain United States federal income and estate tax consequences, as of the date hereof, of the purchase, ownership and sale or exchange of our Class A common stock by a non-U.S. holder. This summary deals only with Class A common stock that is purchased in this offering and is held as a capital asset by a non-U.S. holder.

Except as modified for United States federal estate tax purposes (as described below), a non-U.S. holder means a beneficial owner of our Class A common stock that, for United States federal income tax purposes, is an individual, corporation, estate or trust other than:

an individual who is a citizen or resident of the United States;

a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

a trust that (1) is subject to the primary supervision of a court within the United States if one or more United States persons have the authority to control all substantial decisions of the trust or (2) was in existence on August 20, 1996, and has a valid election in effect under applicable United States Treasury regulations to continue to be treated as a United States person.

If a partnership holds our Class A common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership considering an investment in our Class A common stock, you should consult your own tax advisor.

This summary is based upon provisions of the Code, and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income and estate tax consequences different from those summarized below. This summary does not address all aspects of United States federal income and estate taxation and does not deal with other United States federal taxes (such as gift taxes or the recently enacted Medicare tax on investment income) or foreign, state, local or other tax considerations that may be relevant to non-U.S. holders in light of their personal circumstances. Further, this discussion does not describe all of the United States federal income tax consequences that may be relevant to holders subject to special rules, such as:

certain financial institutions;

insurance companies;

dealers in securities;

persons holding our common stock as part of a hedge, straddle, integrated transaction or similar transaction;

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partnerships or other entities classified as partnerships for United States federal income tax purposes (or investors in such entities);

United States expatriates or certain long-term residents of the United States;

tax-exempt entities;

controlled foreign corporations;

passive foreign investment companies; or

persons subject to the alternative minimum tax.

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**If you are considering an investment in our Class A common stock, you should consult your own tax advisor concerning the particular United States federal income and estate tax consequences to you of the purchase, ownership and sale or exchange of our Class A common stock, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.**

The following summary assumes that a non-U.S. holder will structure its ownership of Class A common stock so as to avoid the withholding taxes that otherwise would be imposed under recently enacted legislation, as described below under **Additional Withholding Requirements Under Recently Enacted Legislation**.

### **Dividends**

Dividends paid to a non-U.S. holder generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by a non-U.S. holder within the United States are not subject to the withholding tax, provided such non-U.S. holder provides proper documentation, such as an applicable Internal Revenue Service ( IRS ) Form W-8 or an appropriate substitute form. Instead, unless an applicable income tax treaty provides otherwise, such dividends are subject to United States federal income tax on a net income basis in generally the same manner as if the non-U.S. holder were a United States person as defined under the Code. In addition, if the non-U.S. holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or a lower applicable income tax treaty rate) of its effectively connected earnings and profits attributable to such dividends, subject to adjustments.

A non-U.S. holder who wishes to claim the benefit of an applicable income tax treaty for dividends generally will be required (a) to complete IRS Form W-8BEN (or an appropriate substitute form) and certify under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if our Class A common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable United States Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder eligible for a reduced rate of United States federal withholding tax pursuant to an applicable income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

### **Gain on Sale or Exchange of Our Class A Common Stock**

Any gain realized on the sale or exchange of our Class A common stock generally will not be subject to United States federal income tax unless:

the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale or exchange, and certain other conditions are met; or

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we are or have been a United States real property holding corporation for United States federal income tax purposes at some time during the shorter of (a) the five-year period preceding the sale or exchange or (b) the non-U.S. holder's holding period for the Class A common stock in question (such shorter period, the Applicable Period).

Unless an applicable income tax treaty provides otherwise, a non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the sale or exchange in generally the same manner as if the non-U.S. holder were a United States person as defined under the Code. A non-U.S. holder

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that is a foreign corporation described in the first bullet point immediately above may also be subject to a branch profits tax equal to 30% (or a lower applicable income tax treaty rate) of its effectively connected earnings and profits attributable to such gain, subject to adjustments.

Unless an applicable income tax treaty provides otherwise, an individual non-U.S. holder described in the second bullet point immediately above will be subject to a flat 30% tax on the gain derived from the sale or exchange, which may be offset by United States source capital losses, even though the individual is not considered a resident of the United States.

Although the matter is not free from doubt, we believe we are not and do not anticipate becoming a United States real property holding corporation for United States federal income tax purposes. If we are or become a United States real property holding corporation, so long as our Class A common stock continues to be regularly traded on an established securities market, only a non-U.S. holder who actually or constructively holds or held (at any time during the Applicable Period) more than 5% of our Class A common stock will be subject to United States federal income tax on the sale or exchange of our Class A common stock. Such a non-U.S. holder generally will be subject to tax on any gain in the same manner as a non-U.S. holder whose gain is effectively connected income, except that such gain should not be included in effectively connected earnings and profits for purposes of the branch profits tax.

## **Federal Estate Tax**

Class A common stock held or treated as held by an individual who, at the time of death, is not a citizen or resident of the United States (as specifically defined for United States federal estate tax purposes) will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

## **Information Reporting and Backup Withholding**

Information returns will be filed with the IRS in connection with dividend payments. Copies of the information returns reporting such dividend payments and any withholding may also be made available to the tax authorities in the country in which a non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will be subject to backup withholding for dividends paid to such holder unless such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding generally will apply to the proceeds of a sale or exchange of our Class A common stock within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

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The amount of any backup withholding from a payment to a non-U.S. holder will be allowed as a credit against the non-U.S. holder's United States federal income tax liability and may entitle the non-U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

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**Additional Withholding Requirements Under Recently Enacted Legislation**

Legislation was recently enacted into law that will materially change the requirements for obtaining an exemption from United States federal withholding tax and impose withholding taxes on certain types of payments made to foreign financial institutions and certain other non-U.S. entities. In general, and depending on the specific facts and circumstances, the failure to comply with certain certification, information reporting and other specified requirements will result in a 30% withholding tax being imposed on withholdable payments to such institutions and entities, including payments of dividends and proceeds from the sale or exchange of our common stock. The legislation generally applies to payments made after December 31, 2012, although recent guidance from the IRS provides that withholding obligations under the legislation will not begin until January 1, 2014. Each prospective investor should consult its tax advisor regarding this legislation and the potential implications of this legislation on its investment in our common stock.

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Citigroup Global Markets Inc., Morgan Stanley & Co. LLC, Credit Suisse Securities (USA) LLC and Deutsche Bank Securities Inc. are acting as joint book-running managers of the offering and Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC are acting as the representatives of the underwriters named below. Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below have severally agreed to purchase, and we have agreed to sell to them, severally the number of shares of Class A common stock indicated below:

Name	Number of Shares
Citigroup Global Markets Inc.	\$
Morgan Stanley & Co. LLC	
Credit Suisse Securities (USA) LLC	
Deutsche Bank Securities Inc.	
UBS Securities LLC	
 Total	 \$

The underwriters are offering the shares of Class A common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Class A common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of Class A common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of Class A common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of \$ \_\_\_\_\_ a share under the public offering price. After the initial offering of the shares of Class A common stock, the offering price and other selling terms may from time to time be varied by the underwriters including in connection with sales of unsold allotments of Class A common stock or subsequent sales of Class A common stock purchased by the underwriters in stabilizing and related transactions.

We granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to \_\_\_\_\_ additional shares of our Class A common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of Class A common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of Class A common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to \_\_\_\_\_ additional shares of our Class A common stock.

Per Share	Total With Option
-----------	----------------------

**Without  
Option**

Public offering price  
Underwriting discounts and commissions  
Proceeds, before expenses, to us

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The estimated offering expenses payable by us, are approximately \$            million, which includes legal, accounting and printing costs and various other fees associated with the registration of the Class A common stock to be sold pursuant to this prospectus.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed    % of the total number of shares of Class A common stock offered by them.

We have applied to have our Class A common stock approved for listing on the New York Stock Exchange under the symbol    PBF    .

We and all of our directors and executive officers have agreed that, without the prior written consent of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC on behalf of the underwriters and subject to certain limited exceptions, we and they will not, during the period ending 180 days after the date of this prospectus:

offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for shares of Class A common stock;

enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Class A common stock; or

file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock;

whether any such transaction described in the first two bullet points above is to be settled by delivery of Class A common stock or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC, on behalf of the underwriters, each such person will not, during the period ending 180 days after the date of this prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock. We have been advised by Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC that they have no present intention, and there are no agreements, tacit or explicit, regarding the possible early release of the locked-up shares.

The 180-day restricted period described in the preceding paragraphs will be extended if:

during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to us occurs; or

prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period;

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in which case the restrictions described in the preceding paragraphs will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

In order to facilitate this offering of the Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares

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in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in this offering. In addition, to stabilize the price of Class A common stock, the underwriters may bid for, and purchase, shares of Class A common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the Class A common stock in this offering, if the syndicate repurchases previously distributed Class A common stock to cover syndicate short positions or to stabilize the price of the Class A common stock. These activities may raise or maintain the market price of the Class A common stock above independent market levels or prevent or retard a decline in the market price of the Class A common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

In connection with this offering, the underwriters may engage in passive market making transactions in the Class A common stock on the NYSE in accordance with Rule 103 of Regulation M under the Exchange Act during the period before the commencement of offers or sales of Class A common stock and extending through the completion of distribution. A passive market maker must display its bids at a price not in excess of the highest independent bid of the Class A common stock. However, if all independent bids are lowered below the passive market maker's bid, that bid must be lowered when specified purchase limits are exceeded.

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of ours. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. The underwriters and their affiliates have in the past engaged, currently engage and may in the future engage, in transactions with and perform services for, including commercial banking, financial advisory and investment banking services, us and our affiliates in the ordinary course of business for which they have received or will receive customary fees and expenses. From time to time, certain of the underwriters and/or their respective affiliates may provide investment banking services to us. Affiliates of one or more of the underwriters act as lenders and/or agents under, and as consideration therefor received customary fees and expenses in connection with, the ABL Revolving Credit Facility. UBS AG, Stamford Branch, an affiliate of one of the underwriters, is the administrative agent under our ABL Revolving Credit Facility and receives fees in connection with such role. MSCG, an affiliate of one of our underwriters, is the counterparty to our product offtake agreements for the Paulsboro and Delaware City refineries, and the counterparty to our crude oil and feedstock agreement for our Toledo refinery. DB Energy, an affiliate of one of our underwriters, is the counterparty to our catalyst lease at our Delaware City and our Toledo refineries. In addition, affiliates of certain of the underwriters are participants under our L/C Facility. Affiliates of certain of the underwriters acted as initial purchasers, and received fees in connection with, our senior secured notes offering.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters participating in this offering. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distribution will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

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### **Selling Restrictions**

#### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares which are the subject of the offering contemplated by this prospectus to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require the Issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of shares to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

#### **United Kingdom**

Each underwriter has represented and agreed that:

(a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the shares other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the

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issue of the shares would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

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### **France**

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or of the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

released, issued, distributed or caused to be released, issued or distributed to the public in France; or

used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier;

to investment services providers authorized to engage in portfolio management on behalf of third parties; or

in a transaction that, in accordance with article L.411-2-II-1<sup>o</sup>-or-2<sup>o</sup>-or 3<sup>o</sup> of the French Code monétaire et financier and article 211-2 of the General Regulations (Règlement Général) of the Autorité des Marchés Financiers, does not constitute a public offer (appel public à l'épargne).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

### **Hong Kong**

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

**Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA ), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire

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share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

### **Japan**

The shares offered in this prospectus have not been registered under the Financial Instruments and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law and (ii) in compliance with any other applicable requirements of the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Switzerland**

This document as well as any other material relating to the shares which are the subject of the offering contemplated by this Prospectus (the Shares ) do not constitute an issue prospectus pursuant to Article 652a of the Swiss Code of Obligations. The Shares will not be listed on the SWX Swiss Exchange and, therefore, the documents relating to the Shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SWX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SWX Swiss Exchange.

The Shares are being offered in Switzerland by way of a private placement, i.e. to a small number of selected investors only, without any public offer and only to investors who do not purchase the Shares with the intention to distribute them to the public. The investors will be individually approached by the Company from time to time.

This document as well as any other material relating to the Shares is personal and confidential and do not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

### **Dubai International Financial Centre**

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The shares which are the subject of the offering contemplated by this Prospectus (the Shares ) may be illiquid and/or subject

to restrictions on their resale.

Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares. If you do not understand the contents of this document you should consult an authorized financial adviser.

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**LEGAL MATTERS**

The validity of the issuance of our shares of Class A common stock offered by this prospectus will be passed upon for us by Stroock & Stroock & Lavan LLP, New York, New York. Certain legal matters relating to this offering will be passed upon for the underwriters by Cahill Gordon & Reindel LLP, New York, New York.

**EXPERTS**

The balance sheet of PBF Energy Inc. as of December 31, 2011 included in this prospectus has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such balance sheet is included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of PBF Energy Company LLC and subsidiaries (combined and consolidated with PBF Investments LLC and affiliates) as of December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011, included in this prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of the Paulsboro Refining Business as of December 16, 2010 and for the period from January 1, 2010 through December 16, 2010 and for the year ended December 31, 2009, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The statement of assets acquired and liabilities assumed of the Toledo Refinery as of December 31, 2010 and the related statements of revenues and direct expenses for each of the two years in the period ended December 31, 2010, appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement on Form S-1 with respect to the shares of Class A common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, or the exhibits and schedules which are part of the registration statement. For further information about us and our Class A common stock, you should refer to the registration statement and to its exhibits and schedules.

You may read and copy any document we file at the SEC's public reference facility at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington,

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D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference facility. Our SEC filings are also available to the public from the SEC's website at <http://www.sec.gov>, and at our website at <http://www.pbfenergy.com>. Information on our website does not constitute a part of this prospectus.

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Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference rooms and the website of the SEC referred to above.

We intend to furnish our Class A common stockholders annual reports containing audited consolidated financial statements and will make available copies of quarterly reports for the first three quarters of each year containing unaudited interim consolidated financial information.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholder of

PBF Energy Inc.

Parsippany, New Jersey

We have audited the accompanying balance sheet of PBF Energy Inc. (the Company ) as of December 31, 2011. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 the financial statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such balance sheet presents fairly, in all material respects, the financial position of PBF Energy Inc. as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey

May 14, 2012

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**PBF ENERGY INC.**

**BALANCE SHEET**

**DECEMBER 31, 2011**

<b>ASSETS</b>	
Cash	\$ 100
<b>Total Assets</b>	<b>\$ 100</b>
Commitments and contingencies	
<b>STOCKHOLDER'S EQUITY</b>	
Common Stock, par value \$0.001 per share, 1,000 shares authorized, 100 issued and outstanding	\$
Additional paid-in capital	100
<b>Total stockholder's equity</b>	<b>\$ 100</b>

See notes to balance sheet

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**PBF ENERGY INC.**

**NOTES TO BALANCE SHEET**

**1 ORGANIZATION**

PBF Energy Inc. (the Corporation) was formed as a Delaware corporation on November 7, 2011. Pursuant to a reorganization into a holding corporation structure, the Corporation intends to become a holding corporation and its sole assets are expected to be an equity interest in PBF Energy Company LLC. The Corporation expects to be the managing member of PBF Energy Company LLC and will operate and control all of the businesses affairs of PBF Energy Company LLC and, through PBF Energy Company LLC and its subsidiaries, continue to conduct the business now conducted by these subsidiaries.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

The Balance Sheet has been prepared in accordance with accounting principles generally accepted in the United States of America. Separate statements of income, changes in stockholders' equity and cash flows have not been presented in the financial statement because there have been no activities of this entity other than those related to its formation.

**3 STOCKHOLDER S EQUITY**

The Corporation is authorized to issue 1,000 shares of common stock, par value \$0.001 per share. The Corporation has issued 100 shares of common stock in exchange for \$100, all of which were held by PBF Energy Company LLC at December 31, 2011.

**4 SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 14, 2012, the date the financial statement was available to be issued.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Members of

PBF Energy Company LLC and subsidiaries:

We have audited the accompanying combined and consolidated balance sheets of PBF Energy Company LLC and subsidiaries (combined and consolidated with PBF Investments LLC and affiliates which are both under common ownership and common management) (the Company) as of December 31, 2011 and 2010, and the related combined and consolidated statements of operations and comprehensive income (loss), changes in members' equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 provide a reasonable basis for our opinion.

In our opinion, such combined and consolidated financial statements present fairly, in all material respects, the financial position of PBF Energy Company LLC and subsidiaries (combined and consolidated with PBF Investments LLC and affiliates) as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey

May 14, 2012

**Table of Contents****PBF ENERGY COMPANY LLC AND SUBSIDIARIES****(COMBINED AND CONSOLIDATED WITH PBF INVESTMENTS LLC AND AFFILIATES)****CONSOLIDATED BALANCE SHEETS****(IN THOUSANDS, EXCEPT UNIT DATA)**

	December 31, 2011	December 31, 2010
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 50,166	\$ 155,457
Accounts receivable, net	316,252	36,937
Inventories	1,516,727	376,629
Prepaid expenses and other current assets	63,359	11,106
<b>Total current assets</b>	<b>1,946,504</b>	<b>580,129</b>
Property, plant and equipment, net	1,513,947	639,565
Deferred charges and other assets, net	160,658	54,699
<b>Total assets</b>	<b>\$ 3,621,109</b>	<b>\$ 1,274,393</b>
<b>LIABILITIES AND MEMBERS EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 286,067	\$ 36,302
Accrued expenses	1,180,812	366,515
Current portion of long-term debt	4,014	1,250
Deferred revenue	189,234	66,339
<b>Total current liabilities</b>	<b>1,660,127</b>	<b>470,406</b>
Economic Development Authority loan	20,000	20,000
Long-term debt	780,851	303,814
Other long-term liabilities	49,213	21,512
<b>Total liabilities</b>	<b>2,510,191</b>	<b>815,732</b>
Commitments and contingencies		
Series B Units, no par or stated value, 1,000,000 issued and outstanding as of December 31, 2011 and 2010.	3,303	1,922
<b>MEMBERS EQUITY</b>		
Series A Units, no par or stated value, 92,257,812 and 51,393,114 issued and outstanding at December 31, 2011 and 2010, respectively.	923,841	514,309
Retained earnings (accumulated deficit)	186,150	(56,521)
Accumulated other comprehensive loss	(2,376)	(1,049)
<b>Total members equity</b>	<b>1,107,615</b>	<b>456,739</b>

<b>Total liabilities, Series B Units, and members equity</b>	\$	3,621,109	\$	1,274,393
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See notes to consolidated financial statements.

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**Table of Contents****PBF ENERGY COMPANY LLC AND SUBSIDIARIES****(COMBINED AND CONSOLIDATED WITH PBF INVESTMENTS LLC AND AFFILIATES)****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)****(IN THOUSANDS)**

	Years Ended December 31,		
	2011	2010	2009
<b>Revenues</b>	\$ 14,960,338	\$ 210,671	\$ 228
<b>Costs and expenses</b>			
Cost of sales, excluding depreciation	13,855,163	203,971	
Operating expenses, excluding depreciation	658,831	25,140	
General and administrative expenses	86,183	15,859	6,294
Acquisition related expenses	728	6,051	
Depreciation and amortization expense	53,743	1,402	44
	14,654,648	252,423	6,338
Income (loss) from operations	305,690	(41,752)	(6,110)
<b>Other income (expense)</b>			
Change in fair value of catalyst leases	7,316	(1,217)	
Change in fair value of contingent consideration	(5,215)		
Interest (expense) income, net	(65,120)	(1,388)	10
<b>Net income (loss)</b>	\$ 242,671	\$ (44,357)	\$ (6,100)
<b>Consolidated statements of comprehensive income (loss)</b>			
Net income (loss)	\$ 242,671	\$ (44,357)	\$ (6,100)
Unrealized gain (loss) on available for sale securities	5	3	(13)
Defined benefit plans unrecognized net gain (loss)	(1,332)	(1,034)	5
<b>Comprehensive income (loss)</b>	\$ 241,344	\$ (45,388)	\$ (6,108)

See notes to consolidated financial statements.

**Table of Contents****PBF ENERGY COMPANY LLC AND SUBSIDIARIES****(COMBINED AND CONSOLIDATED WITH PBF INVESTMENTS LLC AND AFFILIATES)****CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS EQUITY****(IN THOUSANDS EXCEPT UNIT DATA)**

	PBF Energy Company LLC Members						Total Members Equity
	Series A Units	Series A	PBF Investments LLC	Accumulated Other Comprehensive Loss	Retained Earnings (Accumulated Deficit)	Non Controlling Interest	
Balance December 31, 2008		\$	\$ 10,384	\$ (10)	\$ (6,229)	\$ 20,665	\$ 24,810
Member distributions			(8)				(8)
Net loss					(6,100)		(6,100)
Unrealized loss on marketable securities				(13)			(13)
Defined benefit plan unrecognized net gain				5			5
Balance at December 31, 2009			10,376	(18)	(12,329)	20,665	18,694
Equity reorganization	3,087,600	30,876	(10,376)		165	(20,665)	
Member capital contributions	48,305,514	483,055					483,055
Stock based compensation		378					378
Net loss					(44,357)		(44,357)
Unrealized gain on marketable securities				3			3
Defined benefit plan unrecognized net loss							